

RHODE ISLAND

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

2006 Annual Report



Statewide Planning Program
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The Statewide Planning Program, Rhode Island Department of Administration, is established by Chapter 42-11 of the *General Laws* as the central planning agency for state government. The work of the Program is guided by the State Planning Council, comprised of state, local, and public representatives and federal and other advisors.

The objectives of the Program are: (1) to prepare strategic and systems plans for the state; (2) to coordinate activities of the public and private sectors within this framework of policies and programs; (3) to assist local governments in management, finance, and planning; and (4) to advise the Governor and others concerned on physical, social, and economic topics.

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The Annual Report was presented to all three units of the Rhode Island Comprehensive Economic Development Strategy (CEDS) Committee (see Attachment 1 for membership). It was approved by the State Planning Council on September 14, 2006.

(Graphic art courtesy of Apple Computer.)

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INTRODUCTION

This document is the *2006 Comprehensive Economic Development Strategy (CEDS) Annual Report* for the State of Rhode Island. It was prepared in accordance with the guidelines issued by the U.S. Economic Development Administration (EDA). The *Annual Report* includes the Rhode Island Priority Project List for 2006, and draws upon what was initially reported in the most recent *CEDS Update*, dated December 2002.

ORGANIZING AND STAFFING FOR ECONOMIC DEVELOPMENT: THE CEDS COMMITTEE

The CEDS Committee

Rhode Island is a statewide Economic Development District and prepares a statewide CEDS every year. Our CEDS Committee is composed of three tiers. In descending order, they are the State Planning Council, the Planning Council's Technical Committee, and the CEDS Subcommittee. Membership on the CEDS Subcommittee is voluntary but must be approved by the Technical Committee and the Planning Council. It includes members of the Technical Committee with an interest in economic development and practitioners invited from outside.

The State Planning Council, initially called the Policy Committee, was established on December 20, 1963. It was established by statute in 1978. It is charged with developing and maintaining a State Guide Plan as the basic guide for the state's long-term physical, economic, and social development.

The State Planning Council was designated the Overall Economic Development Program (OEDP) Committee on April 29, 1971. When the Comprehensive Economic Development Strategy replaced the OEDP, the Planning Council formally became the CEDS Committee for Rhode Island, with advice and other support from the Technical Committee and the CEDS Subcommittee.

The Statewide Planning Program provides staff support to all three tiers of the CEDS Committee. Statewide Planning is part of the Division of Planning in the R.I. Department of Administration and is composed of five major sections: Economic Development, Land Use, Transportation, Comprehensive Planning, and Planning Information and Support. Sections are responsible for the preparation and amendment of elements of the State Guide Plan that fall within their areas of expertise. For example, the Economic Development Planning Section has developed the *Economic Development Policies and Plan*, *Industrial Land Use Plan*, *Rhode Island Energy Plan* (with the State Energy Office), *State Rail Plan*, and the *Narragansett Bay Comprehensive Conservation and Management Plan* (with the Narragansett Bay Project).

Primary responsibility for the CEDS resides within the Economic Development Planning Section, which solicits and scores project proposals and drafts updates and amendments to the CEDS whenever necessary. These are submitted for adoption to the CEDS Committee – first to the CEDS Subcommittee, then to the Technical Committee, and then to the State Planning Council. Project proposals considered for inclusion in the CEDS are reviewed for consistency with the State Guide Plan by all sections of Statewide Planning before they are forwarded for action to the CEDS Committee.

Membership of the CEDS Committee in 2006

State Planning Council members are appointed in a manner consistent with Subsection 42-11-10(d) of the Rhode Island General Laws of 1956, as amended. The Council is comprised of the Governor, five state officials (one from the Governor's staff, three from the Department of Administration, and the Chair of the Housing Resources Commission); three local officials; the executive director of the R.I. League of Cities and Towns; three public members; a representative of a local community development corporation; and an advisory member from the federal government.

Section 42-11-10(e)(5) of the R.I. General Laws requires the State Planning Council to appoint a permanent advisory committee comprised of officials of all levels of government and public members from different geographic areas of the state who represent diverse interests. The Technical Committee performs this function. Like the Planning Council, the Technical Committee meets monthly and is advised by Statewide Planning staff on all aspects of its work, including technical studies, rulemaking, and amendments or additions to the State Guide Plan. With respect to the CEDS, it is the responsibility of the Technical Committee to review the priority project rating system annually and approve new projects as candidates for EDA funding, subject to final action by the Planning Council: the Priority Project List.

Every year, the Statewide Planning staff recruits individuals representing different interest groups from within and outside the Technical Committee for a CEDS Subcommittee to help score current CEDS project proposals and to revise scoring criteria, if necessary, for the following year's solicitation. The CEDS Subcommittee is not authorized by statute, but was created specially for the CEDS as a means of involving economic development specialists who were not represented on either the Planning Council or the Technical Committee.

The interests represented by members of the Planning Council, Technical Committee, and CEDS Subcommittee are wide and diverse. They include public leadership (state and local officials), economic and business development organizations (the Greater Providence Chamber of Commerce, the Washington County Regional Planning Council, Grow Smart Rhode Island, and the R.I. Economic Development Corporation), the employment and training sector (the R.I. Manufacturing Extension Service), community organizations and minority

enterprise (the Urban League and Progreso Latino), academia (Brown University), and professional organizations (the American Planning Association).

Membership on the Planning Council, Technical Committee and CEDS Subcommittee is given in the listing in Attachment 1.

ECONOMIC CONDITIONS: WHERE ARE WE NOW?

Rhode Island's Economy in 2005-06

For a complete analysis of the Rhode Island economy, refer to the *5 Year Update, Rhode Island Comprehensive Economic Development Strategy*, December 2002. This Annual Report summarizes the trends evident since the *Update* was published.

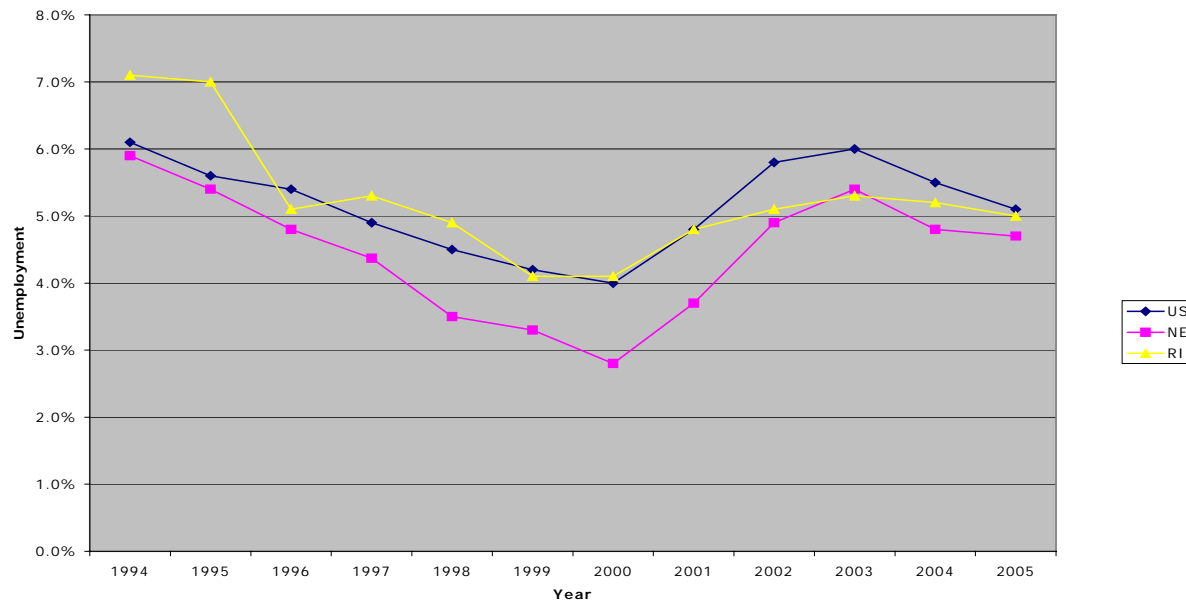
In 2005, Rhode Island's personal income grew 4.7%, lower than last year's rate but the highest rate in New England and identical to the national rate. However, manufacturing workers' wages grew by only 0.7%, below the inflation rate, and hourly production wages remained the lowest in the region, continuing to lose ground to neighboring states (Gerew, in DeCoff *et al.*, 2006).

The state enjoyed employment growth in education and health services (+2,400), professional and business services (+1,700), construction (+900), financial activities (+500), leisure and hospitality (+400), and natural resources and mining (+100). Declines were recorded in manufacturing (-1,900), government (-400), other services (-200), information (-100), and trade, transportation and utilities (-100) (R.I. Dept. of Labor and Training, 2006a).

Unemployment in Rhode Island averaged 5.0% in 2005, down 0.2% from 2004. This compared to a national average of 5.1%, and a New England average of 4.7%. Connecticut and Massachusetts unemployment averaged 4.9% and 4.8% (Federal Reserve Bank of Boston, 2006). Figure 1 compares unemployment figures for Rhode Island, New England, and the nation as a whole in the period 1994-2005.

While Rhode Island had the highest unemployment rate in the region, 3,100 private and public sector jobs were added, with nonfarm employers reporting an estimated 491,600 jobs. This was the highest annual average on record (R.I. Dept. of Labor and Training, 2006a).

Figure 1
COMPARISON OF U.S., NEW ENGLAND, AND RHODE ISLAND UNEMPLOYMENT RATES



Source: Federal Reserve Bank of Boston (2006)

The latest decline in Rhode Island manufacturing jobs continues a very long trend, with about 22,400 lost since 1995 (Figure 2) – a 29.3% decline in total. The services sector continues to grow and absorb some of these losses, though the services sector often does not provide a high-wage alternative to manufacturing for blue-collar workers.

Manufacturing still plays a significant role in the Rhode Island economy, though it has fallen in the last year from fourth to fifth largest employment sector. It now ranks behind education and health services, trade, transportation and utilities, government, and professional and business services, at 55,100 jobs (R.I. Dept. of Labor and Training, 2006a).

(Note: To allow comparison of 2003, 2004 and 2005 to historical data based on Standard Industrial Classification codes and groups, the following industrial sectors, although now considered in the “service-providing” group, have been excluded from the Figure 2 data as “services”: wholesale trade, retail trade, transportation/warehousing/utilities, financial activities, and government.)

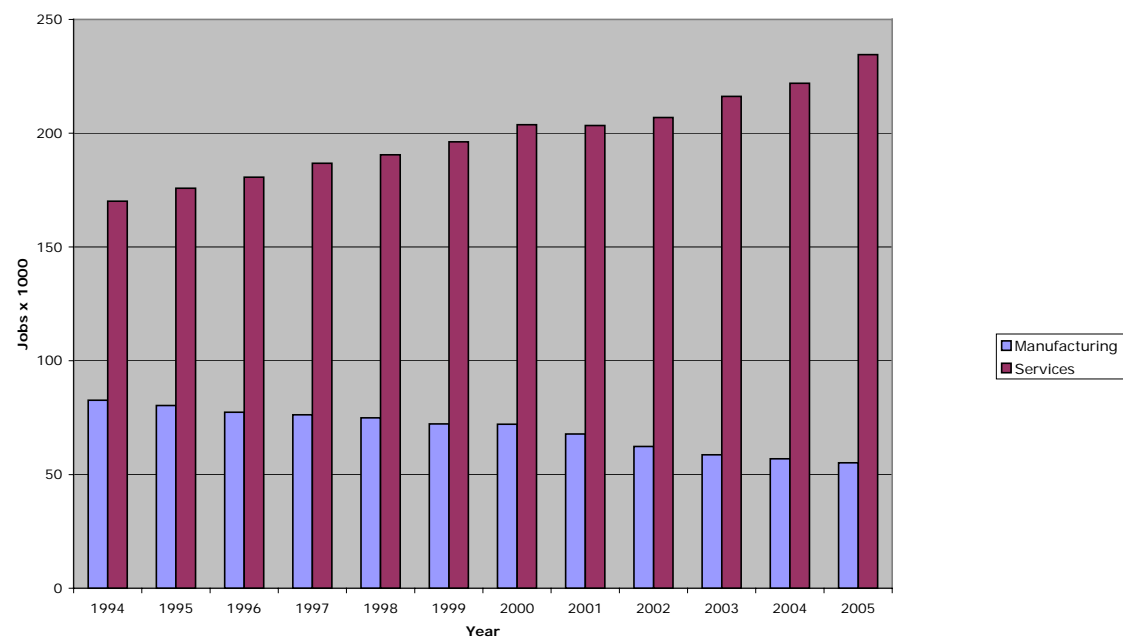
Major Employers

Health care, financial activities, and retail trade dominate the list of the top non-government employers in Rhode Island (Table 1, second page following). The largest private employer in the state is Lifespan, a hospital corporation, with 10,597 jobs. The largest manufacturing concerns in the state are General Dynamics Corporation’s Electric Boat (EB) Division, with 2,200 jobs, and Raytheon Electronic Systems, with 1,779 jobs (RIEDC, 2005). These numbers underscore the continuing importance of health services and the defense industry to Rhode Island.

The defense/homeland security cluster includes nearly 7,400 military and civilian personnel employed by the U.S. Department of Defense and more than 8,500 people by defense contractors. The defense industry is 3% of the state’s employment base, and 6% of its wage base. In 2004, defense contract spending in Rhode Island totaled \$340 million – with two-thirds going to the manufacturing sector, primarily electronics and telecommunications. Defense spending in Rhode Island in total (payrolls and purchases) generated nearly \$1 billion in spin-off economic activity (Ninigret Partners, LLC, 2006).

Manufacturing employment in Rhode Island, though its numbers are declining, is still above the national average, accounting for 11.2% of total employment in the state compared to 10.7% nationally (Moody’s Economy.com, 2006). The greatest concentration was in durable goods, such as miscellaneous manufacturing, fabricated metal products, and electronic products.

Figure 2
NAICS ESTABLISHMENT EMPLOYMENT: MANUFACTURING vs. SERVICES



Source: RI Dept. of Labor and Training (2006a)

Table 1
RHODE ISLAND'S TOP PRIVATE EMPLOYERS

Lifespan Corporation	10,597
Care New England Health System	6,526
Diocese of Providence	6,200
Citizens Financial Group, Inc.	5,500
CVS Corporation	5,314
Stop & Shop, Inc.	4,455
Brown University	3,251
Bank of America	3,240
Shaw's Supermarkets, Inc.	2,260
Rhode Island ARC (Assn. for Retarded Citizens)	2,383
General Dynamics Corp. (Electric Boat)	2,200
Jan Companies	2,115
MetLife/MetLife Auto & Home	2,013
Wal-Mart Stores, Inc.	1,875
St. Joseph Health Services of Rhode Island	1,852
Maxi Drug, Inc.	1,828
Raytheon Electronic Systems	1,779
Memorial Hospital of Rhode Island	1,603
Fidelity Investments	1,600
Roger Williams Medical Center	1,340

Source: R.I. Economic Development Corp. (2005). As a list of private employers, this excludes units of government, such as the U.S. Navy, State of Rhode Island, and the City of Providence, which are also major employers.

According to Moody's Economy.com and the R.I. Economic Policy Council, among others, biotechnology (part of the health and life sciences cluster) is growing and presents "a significant opportunity" for the future. Amgen, a leader in the field, presently accounts for 1,300 jobs at its expanding West Greenwich facility and may add 450 workers by the end of the year. (This would place Amgen just below Raytheon on the list of top employers.) Biotech firms now employ 4,700 workers, a number likely to be augmented by educational programs underway at the University of Rhode Island and the Community College of Rhode Island, and by an industry-specific investment tax credit recently enacted by the General Assembly, the Biotechnology Jobs Growth Act (Moody's Economy.com, 2006).

Construction has returned as one of the bright spots in the Rhode Island economy. This is due to several ongoing and prospective residential projects, and nonresidential construction that includes the restoration of the former Masonic Temple and a new corporate headquarters for the GTECH Corporation. Both of these are located in Providence, and more projects are on the drawing board. Construction added 900 jobs in 2005, growing 4.3% (R.I. Dept. of Labor and Training, 2006a).

The Rhode Island economy still relies heavily on tourism – a sector vulnerable to regional economic downturns, high gasoline prices and the fear of terrorism, and characterized by seasonal, low-wage jobs. While the leisure and hospitality group added 400 jobs in 2005, the state’s hotel occupancy rate was lower in the first quarter of 2006 compared to 2005, representing the slight increase in supply but predominantly a decrease in demand. Was this due to rising gasoline costs discouraging travel? Interestingly, hotel occupancy rates in the New England region, presumably vulnerable to the same influence of higher fuel prices, increased slightly in the same period. There was also a decline in passenger traffic through T. F. Green Airport, which suggests that this was a stronger link to the decrease in demand. Moody’s assessment is that “Rhode Island’s leisure/hospitality industry [is] weakening” and “high energy prices are underlying causes” (Moody’s Economy.com, 2006).

Production Wages

Although wages have been rising, Rhode Island continues to have the lowest average hourly earnings among manufacturing production workers in New England (Table 2), and the gap continues to widen. In 2004, the Rhode Island rate was \$3.11 lower than the New England average, and \$3.86 and \$5.32 lower, respectively, than its neighbors, Massachusetts and Connecticut. In 2005, these workers received \$4.19 less per hour in Rhode Island than their regional counterparts, \$4.55 less per hour than those in Massachusetts, and \$5.84 less per hour than those in Connecticut (Federal Reserve Bank of Boston, 2006).

Table 2
AVERAGE HOURLY EARNINGS, MANUFACTURING PRODUCTION WORKERS

Year	U.S.	New England	CT	ME	MA	NH	RI	VT
2001	14.76	15.34	16.42	14.72	15.76	13.98	12.68	14.18
2002	15.29	15.87	17.24	15.55	16.25	14.21	12.75	14.34
2003	15.74	16.27	17.75	16.28	16.53	14.85	12.88	14.54
2004	16.14	16.72	18.35	16.96	16.89	15.48	13.03	14.60
2005	16.56	17.31	18.96	17.27	17.67	15.87	13.12	15.06

Source: Federal Reserve Bank of Boston (2006)

Rhode Island's unemployment rate increased in the first few months of 2006 to 5.5% (May 2006). This rate was one full percentage point higher than the New England average (4.5%), and higher than the national rate (4.7%). Unemployment grew steadily in Rhode Island in the first five months of 2006, in contrast with other New England states (except Massachusetts) that saw decreases in the same period. This is shown in Table 3 (Federal Reserve Bank of Boston, 2006).

Table 3
UNEMPLOYMENT RATE (%)
(Seasonally Adjusted)

	U.S.	New England	CT	ME	MA	NH	RI	VT
2003	6.0	5.4	5.5	5.0	5.8	4.4	5.4	4.5
2004	5.5	4.9	4.9	4.6	5.2	3.9	5.2	3.7
2005	5.1	4.7	4.9	4.8	4.8	3.6	5.0	3.5
Jan06	4.7	4.4	4.6	4.5	4.6	3.3	4.7	3.4
Feb06	4.8	4.7	4.5	4.6	5.0	3.5	5.1	3.5
Mar06	4.7	4.6	4.6	4.1	4.9	3.4	5.1	3.3
Apr06	4.7	4.4	3.9	4.2	4.9	3.4	5.4	3.3
May06	4.6	4.5	4.0	4.4	5.0	3.3	5.5	3.0

Source: Federal Reserve Bank of Boston (2006)

Table 4 shows Rhode Island's expansions and contractions in the major industry groups from 2005 to 2006. These are compared to other states in the region. All the states experienced declines in the manufacturing sector, but posted gains in professional and business services and education and health services. Other positives for Rhode Island were construction, transportation and utilities, and government. Trade, information, leisure and hospitality, and other services declined (Moody's Economy.com, 2006).

Unemployment and Per Capita Income

Unemployment figures from the five cities and towns represented on this year's CEDS Priority Project List are given in Table 5, second page following, which covers the most recent 24-month period for which data are available (July 2004 to June 2006). One of these communities – Central Falls – had an average unemployment rate nearly two and a half percentage points greater than the national average for the same period.

Table 4
APRIL 2006 EMPLOYMENT GROWTH (% Change from April 2005)

	CT	ME	MA	NH	RI	VT
Total	+0.6	+0.1	+0.7	+1.2	+0.6	+0.4
Construction	-1.6	+0.9	+4.2	+5.1	+6.2	+1.2
Manufacturing	-2.0	-4.6	-1.0	-3.5	-3.9	-0.6
Trade	+0.2	-0.3	-0.1	+1.5	-0.5	+0.9
Transp./Utilities	+2.0	+2.3	-1.4	-3.6	+2.0	-0.8
Information	-1.5	0.0	+0.9	+2.6	-2.8	+2.7
Financial Activities	+1.5	-0.6	+1.8	+5.3	+4.4	-0.3
Prof. & Business Svcs.	+1.8	+2.3	+1.8	+3.9	+3.0	+2.0
Edu. & Health Svcs.	+1.2	+0.9	+1.3	+4.2	+2.3	+1.6
Leisure & Hospitality	+1.7	-0.2	-0.3	+1.4	-1.0	-1.3
Other Services	+0.5	+0.2	+0.6	-0.8	-3.0	-0.3
Government	+1.3	+0.7	+0.4	-1.9	+0.1	+0.7

Source: Moody's Economy.com, Inc. (2006)

Another economic indicator worth watching is per capita income, particularly when it falls below the national average. Sixty-eight U.S. Census tracts in Rhode Island, located in 14 communities, have a per capita income 80% or less than the U.S. PCI (2000), \$22,199 (U.S. Census Bureau, 2002). As Table 6 (second page following) indicates, both urban and suburban communities are affected, including those that did not experience high unemployment in the last 24 months relative to the state or national average.

Migration and Household Income

Estimates of net migration over recent years and into the future continue to be revised and show a dramatic downward trend, flattening and tending negative before the end of the decade (Table 7, third page following).

Migration flows into Rhode Island from within the U.S. turned negative in 2004. Immigration from the top ten states accounted for 17,948 persons, and outmigration to the top ten for 20,494. The median incomes of those moving into Rhode Island were on average slightly higher than those moving out (\$27,085 vs, \$26,335; Table 8, third page following) (Internal Revenue Service (2004) and Census Bureau (2005) data, in Moody's Economy.com, 2006).

Median household income grew slightly relative to the U.S. average in 2003, according to Census figures: \$48,129 in Rhode Island vs. \$44,389 in the U.S., compared to \$44,711 and \$43,318, respectively, in 2002 (Moody's

Table 5
UNEMPLOYMENT RATES IN CEDS PROJECT MUNICIPALITIES
(Not Seasonally Adjusted)

	Jul05	Aug05	Sep05	Oct05	Nov05	Dec05	Jan06	Feb06	Mar06	Apr06	May06	Jun06	24-mo. avg.
Bristol	4.4	4.0	4.2	3.5	3.5	4.0	5.2	5.4	5.2	4.4	4.1	4.5	4.1
Central Falls	7.6	6.7	7.2	6.6	6.3	7.2	8.1	8.2	8.0	7.3	7.5	7.8	7.3
Coventry	5.1	5.0	4.9	4.5	4.4	4.7	5.5	5.8	5.4	4.8	4.6	4.8	4.8
Pawtucket	6.1	5.7	6.0	5.6	5.2	5.7	6.3	6.6	6.6	6.4	6.6	6.8	6.1
Providence	7.3	6.7	6.6	5.7	5.7	5.9	6.8	6.9	6.9	6.6	6.8	7.3	6.4
West Warwick	5.6	5.4	5.4	5.3	5.0	5.7	6.4	6.9	6.7	5.6	5.5	5.6	5.7
Woonsocket	5.8	5.4	5.6	4.9	4.9	5.4	6.2	6.7	6.3	6.0	5.6	6.0	5.7
Rhode Island	5.3	4.9	5.0	4.5	4.5	4.8	5.7	6.0	5.8	5.3	5.2	5.5	5.1
U.S.	4.2	3.8	4.0	4.2	4.6	4.6	5.1	5.1	4.8	4.5	4.4	4.8	4.9
	Jul04	Aug04	Sep04	Oct04	Nov04	Dec04	Jan05	Feb05	Mar05	Apr05	May05	Jun05	
Bristol	4.6	4.2	3.6	3.2	3.4	3.7	5.2	5.0	4.9	3.8	3.4	3.9	
Central Falls	7.9	6.6	6.4	5.9	6.1	6.9	8.7	8.0	7.9	7.0	6.8	7.5	
Coventry	5.2	5.1	4.0	3.9	3.8	4.3	5.6	5.5	5.1	4.2	3.8	4.6	
Pawtucket	6.7	6.0	5.5	5.2	5.0	5.7	7.0	6.7	6.4	5.9	5.5	6.2	
Providence	7.3	6.5	5.8	5.4	5.3	5.6	6.9	6.3	6.2	6.1	5.7	6.7	
West Warwick	5.4	5.3	5.0	5.0	4.9	5.4	6.8	6.8	6.4	5.4	4.9	5.5	
Woonsocket	5.8	5.5	5.2	5.1	5.1	5.6	6.6	6.5	6.3	5.4	5.0	5.7	
Rhode Island	5.5	5.1	4.5	4.3	4.3	4.7	6.0	5.7	5.5	4.8	4.4	5.1	
U.S.	5.7	5.4	5.1	5.1	5.2	5.1	5.7	5.8	5.4	4.9	4.9	4.3	

Source: RI Dept. of Labor and Training (2006b)

Table 6
PER CAPITA INCOME LESS THAN OR EQUAL TO 80% NATIONAL
AVERAGE
BY RHODE ISLAND CENSUS TRACT
(2000 Census)

MCD	Tract	\$PCI	% U.S. PCI		MCD	Tract	\$PCI	% U.S. PCI
Providence	1.01	10,098	45		Smithfield	126.01	16,363	74
Providence	1.02	15,448	70		Cranston	136	17,497	79
Providence	3	11,727	53		Cranston	141	15,927	72
Providence	4	10,173	46		Cranston	142	11,843	53
Providence	5	11,022	50		Cranston	147	16,805	76
Providence	6	8,498	38		Pawtucket	150	17,303	78
Providence	7	8,957	40		Pawtucket	151	9,291	42
Providence	8	6,875	31		Pawtucket	152	12,560	57
Providence	10	10,480	47		Pawtucket	153	11,915	54
Providence	11	11,938	54		Pawtucket	154	14,013	63
Providence	12	15,506	70		Pawtucket	155	15,289	69
Providence	13	9,169	41		Pawtucket	156	15,700	71
Providence	14	11,118	50		Pawtucket	159	17,036	77
Providence	15	7,926	36		Pawtucket	160	17,300	78
Providence	16	15,839	71		Pawtucket	161	13,155	59
Providence	17	10,470	47		Pawtucket	164	13,169	59
Providence	18	12,194	55		Pawtucket	166	14,597	66
Providence	19	12,356	56		Pawtucket	167	14,940	67
Providence	20	9,226	42		Pawtucket	171	16,812	76
Providence	21	12,001	54		Woonsocket	174	11,695	53
Providence	22	14,150	64		Woonsocket	176	13,405	60
Providence	23	10,392	47		Woonsocket	178	15,390	69
Providence	26	10,269	46		Woonsocket	179	17,291	78
Providence	27	10,479	47		Woonsocket	180	13,421	60
Providence	28	9,191	41		Woonsocket	181	13,420	60
Providence	29	13,537	61		Woonsocket	182	14,440	65
Providence	30	14,328	65		Woonsocket	183	13,055	59
Providence	36.02	14,949	67		W. Warwick	203	16,339	74
Central Falls	108	9,948	45		Warwick	217	17,694	80
Central Falls	109	11,243	51		Bristol	307	15,987	72
Central Falls	110	11,401	51		Bristol	308	16,396	74
Central Falls	111	10,485	47		Middletown	402	15,892	72
Cumberland	112	16,655	75		Newport	405	14,790	67
Johnston	125	17,649	80		S. Kingstown	514	5,052	23

Source: US Census Bureau (2002), based on a national per capita income of \$22,199

Table 7
RHODE ISLAND NET MIGRATION (000), 1999-2010 (Est.)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
6.7	8.0	5.6	7.9	4.7	1.3	-7.1	1.0	0.6	0.1	0.1	-0.1

Source: Moody's Economy.com, Inc. (2006)

Economy.com, 2006; Economy.com, 2005). As a percentage of the national average, Rhode Island household income grew from 103.2% to 108.4%, or 5.2%. This represented the highest increase in New England behind Maine (7.5%) and Vermont (7.1%).

Table 8
**MIGRATION FLOWS INTO AND FROM RHODE ISLAND,
FROM AND TO OTHER STATES (2004)**

Into Rhode Island from	No. migrants	Median income (\$)
Massachusetts	8,010	30,430
New York	2,285	18,067
Connecticut	1,764	27,082
Florida	1,536	20,072
California	1,309	30,999
Virginia	794	34,399
New Jersey	738	22,015
Pennsylvania	556	23,099
New Hampshire	485	23,653
Texas	471	29,807
Total immigration/Average income	17,948	27,085
 From Rhode Island into		
Massachusetts	6,650	29,467
Florida	4,753	24,304
Connecticut	2,410	30,212
New York	1,477	18,120
Virginia	1,420	31,969
California	1,151	19,953
Pennsylvania	725	22,570
North Carolina	713	21,166
Texas	637	24,117
Maine	558	24,166
Total outmigration/Average income	20,494	26,335
 Net	-2,546	750

Source: Moody's Economy.com (2006), from 2004 IRS data

While there is a continuing need for training and educational programs to serve all Rhode Islanders, these are particularly vital to immigrants from abroad who need the basics, including English as a Second Language (ESL). Rhode Island College now offers an ESL curriculum leading to a free English proficiency test, and a Master's degree program for those who teach ESL. Located in Providence, RIC is accessible to Rhode Island's highest concentration of English language learners. Other colleges and universities have ESL programs for their international students, including Roger Williams University, Johnson & Wales University, Brown University and the Community College of Rhode Island.

The need for ESL reaches into Rhode Island's suburbs as well. In 2004, the person President Bush named National Teacher of the Year was Kathleen M. Mellor, who teaches ESL in the Davisville (North Kingstown) Middle School.

ECONOMIC DEVELOPMENT ACTIVITIES IN 2006

Since they were first identified in Statewide Planning's *Economic Development Strategy* (1986), four of Rhode Island's critical needs have been cited repeatedly in our strategy *Updates* and *Annual Reports*:

- Fully serviced industrial sites
- Reuse of industrial facilities in the central cities
- Major pollution abatement capital improvement, and
- Expansion of resource-based industries, particularly tourism, marine shipping, and fishing

These needs have been addressed with policies under the three objectives set forth in the *Economic Development Policies and Plan*:

- *Employment*: Provide at least 34,200 new employment opportunities for Rhode Island residents by the year 2020, achieving and maintaining full employment and reducing underemployment.

- *Facilities*: Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the *State Land Use Policies and Plan*, the *Industrial Land Use Plan*, and other applicable elements of the State Guide Plan.

- *Climate*: Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

Support of economic development activities requires sensitivity to these objectives to avoid apparent inconsistencies and outright conflicts, particularly where these activities are publicly funded.

This Year's CEDS

The Rhode Island Comprehensive Economic Development Strategy provides the opportunity to implement the policies of the *Economic Development Policies and Plan* and local (municipal) comprehensive plans with specific, directed development proposals. Project proponents are required as part of the application process to cite at least one specific objective and policy from the *Economic Development Policies and Plan* that each of their projects fulfills. With their CEDS application, they receive a list of all the objectives and policies in the *Plan*. Most applicants are able to cite more than one policy, often several policies, that their projects will help implement. (See Attachment 3, "EDA Priority Program – FFY 2007.")

The project solicitation was launched, as usual, in March. Applicants were instructed to follow the procedures first instituted in last year's solicitation and provide a brief project narrative answering questions related to job generation, wages, funding sources and so on. To ensure they were clear on our requirements, Statewide Planning hosted a CEDS workshop April 19. Invitees included the more than 100 contacts on our mailing list of eligible applicants. Twelve people attended, including state and local planners, consultants, local and regional economic development practitioners and staff from local nonprofits.

The workshop provided an opportunity to explain the CEDS and EDA application processes and to answer any questions. Tyrone L. Beach, Sr., Rhode Island's Economic Development Representative from the EDA, was the featured speaker. The workshop included a review and scoring exercise with two mock CEDS proposals, similar to the one conducted with great success at last year's workshop. Two of the workshop participants who had received EDA funding in the past spoke briefly on how the processes worked and how the CEDS staff were able to assist them.

The project solicitation period ended May 5. Nine project proposals were received from a total of 15 applicants (eight municipalities, two academic institutions, a regional economic development organization, and four private nonprofits). Statewide Planning staff scored and ranked the projects, recommending eight of the nine to the CEDS Subcommittee as candidates for this year's Priority Project List as they together represented the highest range of scores ever recorded for the CEDS.

The CEDS Subcommittee convened on May 19 to review the project narratives and the proposed priority list. The Subcommittee approved all eight candidates and forwarded them to the Technical Committee for action, which in turn endorsed them and sent them to the State Planning Council. The Planning Council approved the eight projects as the 2006 CEDS Priority Project List on June 8.

The projects that made this year's Priority Project List are given in Table 9. The projects are listed alphabetically by applicant, and no "priority" within the priority list should be inferred by the order in which they appear in the table.

Table 9
PRIORITY PROJECT LIST – RHODE ISLAND CEDS, 2006

Applicant/Community	Project Title
Coventry/W. Warwick/Central RI Dev. Corp.	Anthony-Washington Sewer Line Extension
Pawtucket/Central Falls	Pawtucket/Central Falls Train Station
Pawtucket/Pawtucket Armory Assn.	Arts Exchange at Pawtucket Armory
Providence/Community College of RI	Capco Steel Expansion
Providence Community Health Centers	Federated Lithographers Dev. & Pres. Project
Roger Williams U./RI Fishermen's Assn./NBF	Narr. Bay Workforce Dev. & Enviro. Restoration
Woonsocket	Hamlet Ave. Redevelopment District
Woonsocket	Main St. Small Business/Arts Incubator Space

Source: Statewide Planning Program

Table 10 shows how the projects on this year's CEDS list fit with the four critical needs described above. Attachments 2 and 3 of this *Annual Report* review the priority list, with the latter keying each project to objectives and policies in the *Economic Development Policies and Plan*.

Mr. Beach combined his April visit to Rhode Island for the CEDS workshop with a number of site visits, accompanied by the Rhode Island CEDS staff. Meetings were held with three past and present CEDS applicants: the Heritage Harbor Museum Corporation, BCOG Planning Associates (consultants on the Federated Lithographers project), and the RIEDC. Mr. Beach was also introduced to Kevin Flynn, Associate Director of the new R.I. Division of Planning, of which Statewide Planning is now a part.

Enterprise Zones

There are presently ten (10) state-sponsored enterprise zones in Rhode Island. Altogether, the enterprise zones occupy 49 Census tracts in whole or in part, in some of the poorest neighborhoods in Rhode Island. Tax benefits flow

Table 10
RHODE ISLAND COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY:
PRIORITY-LISTED PROJECTS KEYED TO STATE “NEEDS”

Need 1. Fully serviced industrial sites

- Anthony-Washington Sewer Line Extension (Town of Coventry, Town of West Warwick, Central R.I. Development Corporation)

Need 2. Reuse of facilities (industrial and otherwise)

- Pawtucket/Central Falls Train Station (City of Pawtucket/City of Central Falls)
- Arts Exchange at Pawtucket Armory (City of Pawtucket/ Pawtucket Armory Association)
- Capco Steel Expansion (City of Providence/Community College of R.I.)
- Federated Lithographers Development & Preservation Project (Providence Community Health Centers)
- Hamlet Ave. Economic Redevelopment District (City of Woonsocket)
- Main St. Small Business/Arts Incubator Space (City of Woonsocket)

Need 3. Major pollution abatement capital improvements, including infrastructure improvements to improve water quality in Narragansett Bay, solid waste management, and air quality (particularly through renewable energy and energy efficiency projects)

- Anthony-Washington Sewer Line Extension (infrastructure improvements to protect Pawtuxet River, which flows into Narragansett Bay)
- Arts Exchange at Pawtucket Armory (brownfields remediation)
- Capco Steel Expansion (brownfields remediation)
- Federated Lithographers Development & Preservation Project (brownfields remediation and renewable energy)
- Narragansett Bay Workforce Development & Environmental Restoration (environmental monitoring and aquaculture to re-establish historic shellfish beds in Narragansett Bay)

Need 4. Expansion of resource-based industries (tourism, marine shipping, fishing)

- Narragansett Bay Workforce Development & Environmental Restoration (Roger Williams University, R.I. Fishermen’s Association and Narragansett Bay Foundation)

Source: Statewide Planning Program

to businesses locating in enterprise zones, with additional benefits for hiring residents of the zones. The program is managed by an Enterprise Zone Council that meets once a month and is advised by local planners, the state Division of Taxation, and the Statewide Planning Program. The R.I. Economic Development Corporation provides staff support. The advisory/liaison role played by Statewide Planning staff on the Enterprise Zone Council stems from the agency’s advocacy of policies for urban and industrial redevelopment in the State Guide Plan, particularly the *Economic Development Policies and Plan* and the *Industrial Land Use Plan*.

The RIEDC encourages companies in enterprise zones to apply for certification to qualify them for the tax modifications and, in effect, lower their cost of doing business. These incentives have contributed significantly to economic development in Rhode Island. The RIEDC reported that, as of July 2006, 152 enterprise zone businesses had been certified for tax year 2005, generating 1,334 new jobs and hiring 389 enterprise zone residents.

Partnering for Economic Development

Statewide Planning has partnered with the Bureau of Government Research and Services (BGRS) at Rhode Island College (RIC) to deliver consultant services to Rhode Island municipalities, planning agencies, academic institutions, quasi-publics and nonprofits. This partnership was made possible through the state's latest EDA planning grant and plays well into our plans for the CEDS. The BGRS and its chief consultant, William Collins, is using a subgrant from Statewide Planning to perform economic analyses, develop economic strategies, do studies, suggest legislative initiatives, do strategic planning, advise on historic preservation and building reuse, or measure public opinion, all at no cost to his clients. This work may well provide the foundation for future CEDS projects.

The BGRS client list includes the towns of Bristol, Smithfield and Middletown, the cities of Newport and Woonsocket, the R.I. Economic Policy Council, the Newport Chamber of Commerce, the United Way and Brown University. Mr. Collins has produced a number of reports: *The Economic and Social Decline of Baltimore: A Cautionary Tale for Providence*, *The Providence Perspective: How Major Economic and Social Trends Affect Rhode Island's Capital City*, *Economic and Social Trends Affecting Rhode Island in 2006*, *Demographic and Economic Trends in Urban America*, and *Downtown Woonsocket: Preliminary Analysis*.

As we partner with RIC and the BGRS to provide products and services, the CEDS staff continues to encourage partnering among potential CEDS applicants. This intentionally reflects the EDA's Investment Policy Guidelines, but also comes from a longstanding policy to encourage projects of a regional or statewide nature as opposed to those that are strictly local. Regional and statewide impact is defined in the CEDS application materials, and applicants are awarded additional points if regional or statewide impact can be demonstrated. If a partner is listed as a co-applicant, the project proposal is entitled to more points. Collaborations between and among all eligible applicants are strongly encouraged.

All nine of the projects submitted during this year's solicitation satisfied the "regional or statewide" criterion. Six of them involved some sort of partnership between two or more co-applicants. Five of the six made this year's Priority Project List.

Involvement of the nonprofits is a big plus for the Rhode Island CEDS, as it enables public funds from the EDA to leverage significant private investment in some of the poorest neighborhoods in Rhode Island. Although the number of priority-listed projects with private funding was fewer than last year, the four projects with commitments accounted in total for nearly \$38 million in private funding. Two of these were seeking additional private funding, and another project not included with the four was pursuing private funding but had not yet secured it.

The CEDS Committee and staff see the promotion of industrial clusters through the CEDS as another means of encouraging partnering among the firms participating in each cluster and possibly among CEDS applicants. This year, as last, all of the projects on the priority list promoted one or more clusters identified by the RIEDC as critically important to Rhode Island. These are shown in Table 11. The clusters included health and life sciences, creative, advertising and media, education, communications and information technology, financial services, manufacturing and industrial products, hospitality, consumer goods, and marine and environmental science and industry.

Table 11
2006 PRIORITY-LISTED PROJECTS LINKED TO INDUSTRIAL CLUSTERS

Applicant/Project	Cluster(s)
Coventry, W. Warwick, CRIDCO/Anthony-Washington Sewer Line Extension	Health & Life Sciences, Financial Services, Manufacturing & Industrial Products, Hospitality
Pawtucket, Central Falls/Pawtucket-Central Falls Train Station	Hospitality
Pawtucket, Pawtucket Armory Association/Arts Exchange at Pawtucket Armory	Creative, Advertising & Media, Education
Providence, CCRI/Capco Steel Expansion	Manufacturing & Industrial Products
Providence Community Health Centers/Federated Lithographers Development & Preservation Project	Health & Life Sciences
Roger Williams U., R.I. Fishermen's Assn., Narragansett Bay Foundation/Narragansett Bay Workforce Development & Environmental Restoration	Marine/Environmental
Woonsocket/Hamlet Ave. Economic Redevelopment District	Health & Life Sciences, Manufacturing & Industrial Products, Consumer Goods
Woonsocket/Main Street Small Business/Arts Incubator	Creative, Advertising & Media, Communications & Information Technology

Source: Statewide Planning Program

Cluster development has been part of Rhode Island's economic development strategy for more than ten years, marked by the collaborative efforts of the RIEDC, the R.I. Economic Policy Council, and Statewide Planning. The first working groups of industry leaders were convened in 1996 around specific disciplines that are still recognized as clusters. "Research Centers of Excellence" were proposed, and this led to the establishment of the Slater Technology Fund.

Slater oversees four focus areas that correspond to the clusters identified above: manufacturing and design, biomedical technology, marine and environmental technologies, and interactive technology, all of which have strong potential for providing high-wage employment opportunities. The Fund provides money and mentoring for projects and start-up companies. Since its inception, the Fund has provided financing to more than 90 technology ventures in Rhode Island, and invested \$15 million in state funds in companies. This investment has leveraged more than \$174 million in private, venture capital, and government investments (Slater Technology Fund, 2006).

Other organizations supporting cluster-based economic development include the R.I. Manufacturing Extension Service (RIMES), which in 2003 partnered with the Town of Smithfield on a CEDS/EDA project to provide technical assistance to local precision metalworking firms to enhance company competitiveness. RIMES is now partnering with the Community College of Rhode Island in a lean manufacturing certificate program, where enrollees get their certificates after completing a 15-credit course covering basic business and technical skills, value stream mapping, setup reduction, and other elements of lean manufacturing. John Cronin, former Chief Executive Officer of RIMES, is a member of the CEDS Subcommittee.

Addressing Another Important Economic Development Issue: Housing

The affordability of housing is a major economic development issue. While production wages in Rhode Island remain the lowest in the region, the median sales price of an existing home in the Providence metro area has risen to over \$275,000 – ironically, among the highest in the region. The cost of housing for years has had a chilling effect on the recruitment and retention of workers, including native Rhode Islanders. Although indicators now point to a "cooling" market with lower prices, many continue to opt for adjustable rate mortgages, many of the interest-only variety. As interest rates have risen, so have delinquency rates for first mortgages and home equity loans (Moody's Economy.com, 2006). The negative impacts of an overpriced market have reached beyond low-to-moderate income families.

State law now mandates every Rhode Island city and town to have a certain portion of its housing stock (at least 10%) be affordable to low and

moderate income households. The same law tasked the Housing Resources Commission, in conjunction with the Statewide Planning Program, with developing a five-year strategic plan for housing, to be adopted as an element of the State Guide Plan. The *Strategic Housing Plan* has resulted. It builds on the work of local Affordable Housing Plans (also mandated) and includes quantified goals, implementation activities, and standards for the production and/or rehabilitation of year-round housing to meet the housing needs of the state.

One of the six “Guiding Principles” of the *Strategic Housing Plan* is to “promote economic development”:

Support the workforce by providing housing at all price points for workers. This includes developing new housing as well as preserving existing housing resources. Relate the location of housing to jobs in a manner that supports the state’s transportation system.

The development of “economically and racially diverse and accessible communities” is also encouraged, “to provide geographic opportunity to households at all income levels” (R.I. Division of Planning & R.I. Housing and Mortgage Finance Corporation, 2006).

This is to be accomplished with the plan’s five-year window, 2006-2010.

CEDS EVALUATION

The Action Plan

The simple, overarching goal that is the basis of the *Economic Development Policies and Plan* is to “foster and maintain a vigorous economy able to provide an adequate number and variety of activities that generate wealth for the people of the state.” This statement encompasses all of the purposes of economic activity: jobs, income, production of goods and services, capital investment, and government revenue. The three objectives that guide Rhode Island in achieving this goal are:

- 1) Provide at least 34,200 new employment opportunities for Rhode Island residents by the year 2020, achieving and maintaining full employment and reducing underemployment.

- 2) Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the

State Land Use Policies and Plan, the Industrial Land Use Plan, and other applicable elements of the State Guide Plan.

3) Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

In the *Economic Development Policies and Plan*, discrete steps toward the accomplishment of each of these objectives are listed as policies. Taken altogether, the single goal, the three objectives, and the policies that support them constitute Rhode Island's action plan. Implementation comes through the CEDS, as planners and practitioners in the public and private nonprofit sectors – at the state, regional, and local levels – submit creative project proposals that implement their own economic development strategies consistent with the *Plan's* long-term objectives.

Each CEDS applicant is required to key his or her project to a specific objective and policy in the *Economic Development Policies and Plan*. This is a threshold requirement independent of numerical scoring, ensuring that each proposal, regardless of its ultimate score or status as a priority project, would in its own way help implement the action plan. The goals below are derived directly from policies in the *Plan*, allowing us to determine how well we are conducting Rhode Island's CEDS by how well we are implementing the *Economic Development Policies and Plan*.

Evaluating the CEDS Planning Process

The CEDS Committee is composed of three units: the State Planning Council (SPC), its Technical Committee (TC), and the CEDS Subcommittee. The State Planning Council, as the top unit, provides the direction for CEDS policy development in accordance with elements of the State Guide Plan, including the *Economic Development Policies and Plan*. The SPC also gives final approval to the Priority Project List submitted with each year's CEDS report, and any revision to the priority rating system used to develop that list.

The SPC's standing advisory committee is the Technical Committee, the second unit of the CEDS Committee. Members of the TC include transportation, health, energy and economic development planners from state agencies. Also included are municipal planners, academics, and public policy advocates. The TC reviews the CEDS priority project rating system and results of the project solicitation, and must endorse any action before it is brought to the State Planning Council.

The TC appoints a CEDS Subcommittee, the third unit of the CEDS Committee. The Subcommittee works with the Statewide Planning Program staff to develop and revise the scoring criteria in the rating system, solicit projects,

and rate those projects to determine whether they will be included on the Priority Project List.

The CEDS Subcommittee includes members recruited from outside the SPC and TC. The Subcommittee thus provides an opportunity to broaden representation of racial, ethnic and cultural minorities on the CEDS Committee, as well as to involve private-sector economic development groups in distressed communities. Ensuring the diversity of representation on the CEDS Committee fosters the ability of the CEDS to reflect a balance among state, community and private economic development interests, in accordance with our first CEDS goal:

Goal 1: To involve as broad a range of economic development practitioners in the CEDS as possible.

Progress toward attaining this goal and others to follow in this evaluation can be discussed qualitatively or quantitatively.

Qualitative measures of achievement – 1) Recognize local character, cultural diversity and heritage as major assets to be protected and promoted in economic development, and have diverse economic, cultural and ethnic interests represented in the membership of the CEDS Committee.

2) Solicit projects from all eligible applicants, conducting the necessary outreach to do so.

Quantitative measures of achievement – 1) How many economic and business development organizations are represented on the CEDS Committee (the three units in total – Subcommittee, TC and SPC)? How many women and minorities are represented on the CEDS Committee (the three units in total)?

<u>Evaluation criteria</u> –	Fewer than 10, needs improvement
	10-15, good
	More than 15, excellent

Findings – There were six economic and business development agencies or organizations represented on the CEDS Committee in 2006. They included the state's largest Chamber of Commerce (Greater Providence), the Washington County Regional Planning Council, Grow Smart Rhode Island, RIMES, the R.I. Housing Resources Commission, and the RIEDC. The Urban League and Progreso Latino, minority advocacy groups with a strong emphasis on economic development, were also represented, bringing the total to eight. This is a decrease of one from last year, owing to the resignation of the President of the South Providence Development Corporation from the State Planning Council. This measure of performance *needs improvement*.

Sixteen individuals on the CEDS Committee (out of a total of 38) were women or members of a minority group. We continue making *excellent* progress toward achieving this objective.

Notes – A member of the CEDS Subcommittee who represented RIMES has left that organization to head the new Small Business Development Center (SBDC) at Johnson & Wales University. While a replacement will be sought from RIMES to continue to address the issues of workforce development and innovation championed by RIMES, this offers an opportunity to seek representation on the Subcommittee as well from the SBDC. As more than half of Rhode Island's workers are employed by firms defined as "small business," this is worth exploring.

As we noted in last year's *Annual Report*, the municipal planners sitting on the CEDS Committee have economic development responsibilities in their cities and towns that often extend beyond planning. However, they were not considered in the above finding to be representing an economic or business development agency or organization.

The number of women and minorities is a decrease of two persons from last year, the result of the aforementioned resignation from the SPC and the expiration of a temporary appointment to the Technical Committee.

2) How many potential applicants were targeted in the CEDS project solicitation?

<u>Evaluation criteria</u> –	Fewer than 70, needs improvement
	70-100, good
	More than 100, excellent

Findings – One hundred and ten (110) letters were sent to potential applicants in 2006, inviting them to request an application package and submit a project proposal. This is an increase of nine contacts since last year. Staff has therefore continued to make *excellent* progress toward achieving the objective.

Notes – Contacts were further enabled by the use of electronic mail. Where e-mail addresses were not available, the CEDS staff sent announcements and application packages by post.

However, the number of potential applicants requesting application packages decreased, from 18 last year to 13 this year. Anecdotal evidence points to discouragement by the high level of competition for EDA funds even once a project is priority-listed. On the other hand, the projects that were submitted were, as a group, the highest scoring in the history of Rhode Island's CEDS. This appears to be the classic "quantity vs. quality" situation.

Fifteen applicants completed the packages and submitted, in total, nine projects. (Most were partnerships, i.e., co-applications.) Eight of those proposals made the Priority Project List. Last year, 15 applicants completed the packages and submitted, in total, ten projects, seven of which were priority-listed.

Evaluating the CEDS Implementation Process

As part of a continuing process, the CEDS Committee over the years has attempted to keep project requirements (“threshold” criteria) and the Priority Project Rating System (scoring or “discretionary” criteria) in the CEDS consistent with EDA investment guidelines. To build and support partnerships for economic development, points are added to the score of any proposal co-sponsored by two or more eligible applicants. These partnerships may involve two municipalities, a municipality and a nonprofit, a state agency and a nonprofit, etc. Proposals that demonstrate a commitment of non-federal matching funds in excess of the required 50% of total cost win extra points, as do those that have a commitment of private funds. We help advance the EDA’s desire to advance productivity, innovation, and entrepreneurship by awarding points to projects that support clusters specifically identified by the RIEDC as innovative, progressive, and with high growth potential. In fact, this year’s Priority Project List is associated with a diverse assortment of such clusters: communications and information technology; financial services; hospitality; creative, advertising and media; education, health and life sciences; and marine and environmental science and industry.

The CEDS Committee also continuously refines and revises the criteria so that priority-listed projects will effectively implement the state’s own economic development objectives. Sometimes discretionary criteria are elevated to threshold criteria. This was done, for example, with the new requirement for each project to generate, or at least anticipate, 50 direct jobs.

The EDA’s guidelines and the state’s criteria correspond closely. The jobs created as a result of EDA investments are expected to provide higher-than-average wages in distressed communities and promote regional prosperity. Applicants should commit a high level of non-federal matching funds, including private investment. Public-private partnerships should indicate a higher level of commitment to successful completion by the public sector and higher market-based credibility by the private sector.

The CEDS Committee and Statewide Planning staff review and recommend revisions to the criteria whenever necessary to reflect new directions in policy or newly surfaced concerns. Sometimes this is motivated solely by something happening in Rhode Island, for example the desire to redevelop

urban centers and enterprise zones or to upgrade the skills of the blue-collar workforce. Or, it may arise from revisions to the State Guide Plan.

It has already been stated that the mission of the CEDS is to initiate projects that help implement economic development policies in the State Guide Plan, but land use and transportation policies are considered, too. For example, one criterion notes whether applicants will actively recruit employees from enterprise zones, including having a transportation plan to get them to the worksite and back home. Another speaks to the sound management of land and other physical resources through “smart growth,” favoring projects located within the built environment.

The CEDS scoring system assigns points for a project’s “area of influence.” Credit in this category (five points) is given only to projects having either statewide or regional influence, as opposed to projects of a strictly local nature. Statewide projects have the likelihood of affecting the entire state. Regional projects have multi-community significance (involve more than one municipality) and may affect several municipalities in the state. This criterion is intended to reward applicants that will partner with others in other communities on a project of mutual benefit, and regional agencies that can generate projects with a regional or statewide impact. Regionalism in economic development is a longstanding state policy, and follows the EDA’s investment guidelines.

Ideally, the project solicitation, selection and implementation process will be designed and redesigned to attain the rest of our program goals:

Goal 2: To increase the number of permanent employment opportunities for Rhode Island residents, and reduce unemployment and underemployment in the state.

Qualitative measure of achievement – Attract projects into the CEDS that generate a large number of direct, indirect and induced jobs.

Quantitative measure – How many permanent, non-construction jobs are anticipated from projects on the priority list in total?

<u>Evaluation criteria</u> –	Fewer than 3,000, needs improvement
	3,001-5,000, good
	More than 5,000, excellent

Findings – More than 3,250 new jobs are anticipated in total from the Priority Project List, a decrease from last year. The number of jobs from project to project ranged from a low of 108 for an arts and small business incubator to a high of 1,052 for the redevelopment of several blocks of mill properties into a redevelopment district. By coincidence, both of these projects are in Woonsocket. This year, we made *good* progress on this measure.

Notes – The drop in jobs numbers from last year may be traced to the recently funded (and no longer listed) Bold Point Harbor Development in East Providence, which in 2005 contributed 4,722 to the total of anticipated jobs. Also, some of the job estimates have changed for projects that were also submitted last year. Two were revised downward (the Pawtucket-Central Falls train station and Federated Lithographers). It is presumed that this year's estimate is the more accurate of the two, as further study and design and engineering work confirmed some assumptions and discounted others.

It is highly unlikely that all the priority-listed projects will be funded so that the total number is reached; however, this measure of achievement is useful for comparing the *potential* for job generation from year to year.

Goal 3: To target public economic development assistance to those projects that can increase the average wage rate in their industrial sectors and communities.

Qualitative measure of achievement – Attract projects into the CEDS that generate jobs that pay well enough to support a family, can improve per capita incomes in distressed communities, and provide a career ladder through education and skills training.

Quantitative measures – How many projects on the priority list offer jobs with wages higher than the state average private sector wage? How many provide opportunities for workforce development through education and training programs conducted in-house or by partnering with a provider?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Five of the eight projects on the priority list, or 63% of the total, anticipated wages in excess of the state average private sector wage, \$35,959 (the most recent figure available during the project solicitation). This is an improvement over last year, but still *needs improvement*.

All eight projects provide some opportunity for education and training of likely employees. This is a new measure of performance, and one in which we are making *excellent* progress.

Goal 4: To reclaim brownfields and encourage use of the “built environment.”

Qualitative measure of achievement – Attract projects into the CEDS that will remediate and reuse brownfields and abandoned or underutilized industrial properties with infrastructure, such as mill buildings.

Quantitative measures – How many projects on the priority list are located in a brownfield or a certified mill building? How many projects on the priority list are located in an area of the “built environment” not identified as a brownfield or a certified mill building?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Five projects, 63% of the total, are located in a brownfield or a certified mill building. This is a slight increase from last year. This measure of performance *needs improvement* according to the evaluation criteria, but should be considered in light of the following finding.

All of the projects not located in a brownfield or certified mill building are located in areas that were already developed – the “built environment.” Staff therefore continues making *excellent* progress toward achieving the objective.

Goal 5: To encourage investment in deteriorating urban areas or in employment centers that will be accessible to residents of low-income areas.

Qualitative measure of achievement – Attract projects into the CEDS that will locate within Enterprise Zones and employ Zone residents.

Quantitative measure – How many projects on the priority list are located in an Enterprise Zone? How many projects outside Enterprise Zones will actively recruit Zone residents and/or provide a transportation plan to get them to worksites?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Seven projects, 88% of the total, are located in Enterprise Zones. This is a significant increase from last year, ranking this measure of performance *good*.

Six projects, 75% of the total, expect to recruit Zone residents for employment and/or have a transportation plan (such as carpooling or use of public transportation) to provide access to employment centers. This is about even with last year. We continue making *good* progress toward this objective.

Goal 6: To encourage investment by the public and private sectors.

Qualitative measures of achievement – 1) Attract projects into the CEDS that have a significant commitment of private funding.

2) Attract projects into the CEDS that play to Rhode Island's strengths and promote industrial clusters and partnerships.

Quantitative measures – How many projects on the priority list have funds committed from private sources? How many projects on the priority list promote existing or potential clusters? How many projects on the priority list are partnerships between or among two or more eligible applicants?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – Only four projects, or 50% of the total, have funds committed from private sources. This is a significant decrease from last year, and was the poorest showing among the measures of performance this year. This measure *needs improvement*.

All eight projects promote one or more clusters. These include communications and information technology, financial services, hospitality, creative, advertising and media, education, health and life sciences, manufacturing and industrial products, consumer goods, and marine and environmental science and industry. This finding is unchanged from last year. Staff therefore continues to make *excellent* progress toward achieving the objective.

Five projects, or 63% of the total, are partnerships: between municipalities, municipalities and nonprofits, municipalities and academic institutions, or academic institutions and nonprofits. This is a decrease from last year, when all the projects were partnerships. This measure of performance now *needs improvement*.

Notes – Credit is given under these criteria only for private funding or a partnership that is committed by the application deadline. One project, as mentioned earlier, was actively seeking private funding but had not yet gotten a commitment. If this project were counted toward this measure of performance, the percentage would increase to 63%, but the measure would still *need improvement*.

Another project that had been a partnership with the City of Providence in previous solicitations was unable to confirm that partnership by the deadline.

Had this project been counted as a partnership, this measure would have scored 75%, in the *good* category.

Goal 7: To encourage and promote regionally initiated economic development efforts.

Qualitative measure of achievement – Attract projects into the CEDS that have a regional or statewide impact.

Quantitative measure – How many projects on the priority list have a regional or statewide area of influence?

<u>Evaluation criteria</u> –	Fewer than 70%, needs improvement
	70%-90%, good
	More than 90%, excellent

Findings – All eight projects have a regional or statewide area of influence. This is an improvement over last year, when 86% of the projects were considered of regional or statewide significance. We are making *excellent* progress toward achieving this objective.

The findings for Goals 2 through 7 are summarized in Table 12. Because the numbers of projects on priority lists vary from year to year, the evaluation is reckoned in percentages rather than raw numbers under all categories except jobs anticipated.

Conclusions

The evaluation process gives us a tool for satisfying what is fundamental to Rhode Island's CEDS: enhancing EDA funding eligibility for priority-listed projects and implementing the policies and objectives of the State Guide Plan. Continuing to make satisfactory progress and improving what needs work will determine which aspects of the priority rating system we will retain or revise. This could mean adjusting the point scales for the scoring criteria, adding new criteria, or eliminating criteria that do not prove effective. The CEDS Committee has done this in the past with positive results.

While the scales for measures of performance are admittedly arbitrary, they are set with the idea of keeping the bar high and striving for *good* or *excellent* in all categories. Under most categories our record is comparable to last year's. We are doing particularly well with encouraging workforce skill development, high-growth clusters, locating in the built environment, and regionalism. However, we need to gain more high-paying jobs (although we seem to be improving on that score), promote brownfield and mill building reuse, and encourage private sector participation.

Table 12
2005-2006 PRIORITY PROJECT LIST COMPARISON

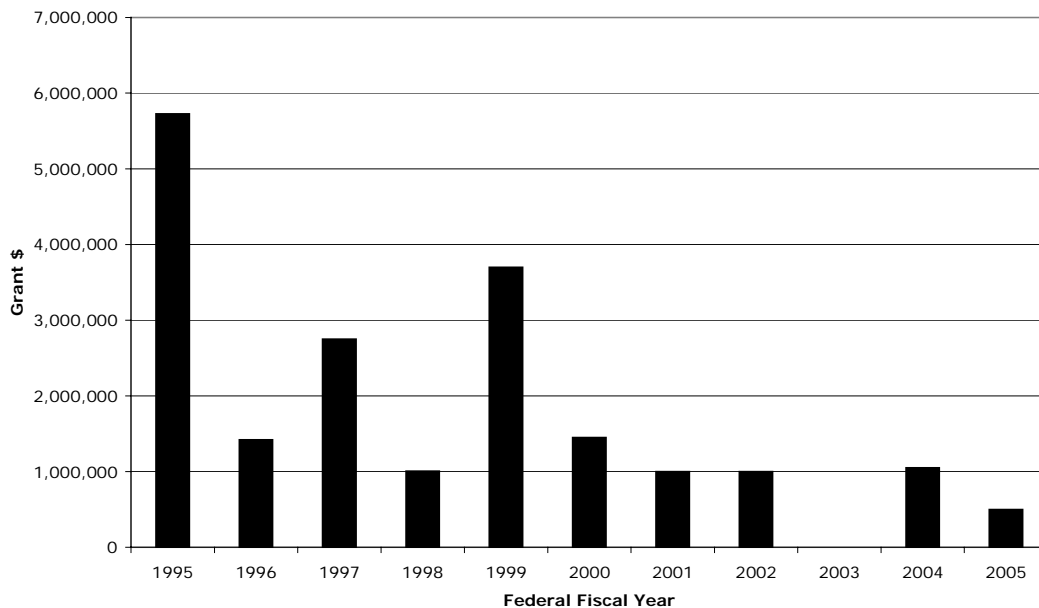
2005 PRIORITY PROJECT LIST											
Applicant/Community	Project Title	Jobs	Wages	WF Dev	BF/Mill	Built Env	EZ Loc	EZ Recruit	Private \$	Clusters	Partnership
Business Innov. Factory/RIEDC	RI Wireless Innovation Network	124	yes	yes	n/a	yes	yes	yes	yes	Communications & IT	yes
East Providence/RIDOT	Bold Point Harbor Redevelopment Area	4,722	yes	no	yes	n/a	yes	yes	yes	Financial services	yes
Pawtucket/Central Falls	Pawtucket/Central Falls Train Station	311	no	no	no	yes	yes	no	yes	Hospitality	yes
Pawtucket/Pawtucket Arts Assn	Pawtucket Armory Arts Exchange	142	no	yes	yes	n/a	no	no	yes	Creative, adv. & media, educ.	yes
Providence/Greater Prov. YMC	New Providence YMCA on Mashapaug Pond	65	no	yes	yes	n/a	yes	yes	yes	Education	yes
Providence/Prov. CHC	Federated Lithographers Dev. & Pres. Project	1,353	yes	yes	yes	n/a	yes	yes	yes	Health & life sciences	yes
Quonset Dev. Corp./RIEDC	Marine Bioscience Research & Business Park	95	yes	yes	no	yes	no	yes	no	Marine/environmental	yes
TOTAL		6,812	57%	71%	57%	100%	71%	71%	86%	100%	100%
EVALUATION		Excellent	N.I.	Good	N.I.	Excellent	Good	Good	Good	Excellent	Excellent
2006 PRIORITY PROJECT LIST											
Coventry/W. Wwk./CRIDCO	Anthony-Washington Sewer Line Extension	283	no	yes	no	yes	yes	yes	no	Health & life sciences, others	yes
Pawtucket/Central Falls	Pawtucket/Central Falls Train Station	169	no	yes	no	yes	yes	no	yes	Hospitality	yes
Pawtucket/Pawtucket Arts Assn	Pawtucket Armory Arts Exchange	148	no	yes	yes	n/a	no	no	yes	Creative, adv. & media, educ.	yes
Providence/CCRI	Capco Steel Expansion	742	yes	yes	yes	n/a	yes	yes	no	Manufacturing & ind. prod.	yes
Prov. Community Health Center	Federated Lithographers Dev. & Pres. Project	526	yes	yes	yes	n/a	yes	yes	yes	Health & life sciences	no
Roger Williams U./RIFA/NBF	Narr. Bay Workforce Dev. & Enviro. Restoratio	225	yes	yes	no	yes	yes	yes	yes	Marine/environmental	yes
Woonsocket	Hamlet Ave. Economic Redevelopment District	1,052	yes	yes	yes	n/a	yes	yes	no	Health & life sciences, others	no
Woonsocket	Main St. Small Business/Arts Incubator Space	108	yes	yes	yes	n/a	yes	yes	no	Creative, adv. & media, others	no
TOTAL		3,253	63%	100%	63%	100%	88%	75%	50%	100%	63%
EVALUATION		Good	N.I.	Excellent	N.I.	Excellent	Good	Good	N.I.	Excellent	N.I.
N.I. = Needs improvement											

Performance on this last item was disappointing this year, as there was a significant drop in the percentage of projects with a commitment of private investment. However, pessimism may be unwarranted as this appears to be due to the nature of the projects rather than a decline in private sector support for EDA-assisted economic development in Rhode Island. Three projects resubmitted from last year did retain their private sector partners, and a new project brought two private nonprofits into the CEDS that had not participated before. This argues that private sector support is still strong. Three other proposals new this year were “public works” projects in the traditional sense, providing, respectively, public infrastructure improvements (a sewer extension), incubator space, and a “redevelopment district” where a mill complex once stood. The desired EDA investment would be matched in all three cases by local redevelopment agency funds or other public sources. Private investment would logically follow only upon completion of these projects, i.e., once they are brought into service.

Finally, any discussion of performance should address what we hope is the ultimate result of the CEDS project solicitation and selection process, the securing of EDA assistance. In response to several queries from members of the CEDS Committee, the staff prepared a graphic showing the levels of EDA funding for CEDS-originated projects from 1995 to 2005. While the outlay for several years was on the order of \$1 million, there were occasions where funding levels exceeded twice that amount or more (Figure 3).

Figure 3

**EDA INVESTMENTS IN RHODE ISLAND SUBJECT
TO THE CEDS, 1995-2005**



Source: Statewide Planning Program

To the extent that we can, and barring shifts in federal appropriations, we should strive to make this a typical rather than an exceptional occurrence. We

believe we are making progress by attracting higher quality projects into the CEDS, as evidenced by median scores in the Priority Project Rating System trending higher from year to year. But communication between and among applicants, the CEDS Committee and EDA officials needs to be maintained *after* the projects are selected for the list. It must be clear to CEDS applicants what makes a project attractive to the EDA. With that understanding the likelihood they will be granted assistance will increase – and so may the annual level of funding.

GOALS FOR THE COMING YEAR

The goals and measures of performance in the previous section incorporated goals we had set forth last year to improve the CEDS. In line with the results of our program evaluation, this coming year we will seek to:

1. *Increase the number of permanent employment opportunities for Rhode Island residents at wages able to support families.* As we stated in the previous *Annual Reports*, the Priority Project Rating System should choose projects that, if funded, will provide jobs that pay well enough to have a real impact in distressed communities. While our performance under this category “needs improvement,” this year’s solicitation did attract five projects (63% of the total) that would pay more than the private sector average – a slightly better showing than last year’s 57%. This is encouraging.

2. *Support workforce development.* Last year we instituted a “workforce development” criterion in the Priority Project Rating System to reward applicants whose projects accommodated the education and training of employees. Extra points are given if they could document an in-house program or one designed or conducted by a recognized provider of education and training services (e.g., RIMES, the Community College of Rhode Island, or the Institute for Labor Studies and Research). Workforce development is now among the categories by which we measure our progress for the year, as we do with jobs, wages and clusters. Last year, five of the seven priority-listed projects, or 71%, had some provision for education and training. This year, they all did. Presuming another project solicitation next year, we will continue to look favorably on workforce development initiatives as an important means to an end.

3. *Continue to bring in quality projects with regional or statewide areas of influence.* We identified this as a priority item in 2003, and made significant progress since then. Regional and statewide projects accounted for two-thirds of the projects on the 2004 Priority Project List; in 2005, all but one of the priority-listed projects, or 86%, demonstrated regional or statewide impact. This year, they all did. Presuming another solicitation in 2007, we will retain the “area of

influence” criterion in the Priority Project Rating System as a means of promoting regionalism and partnering among eligible communities.

4. *Encourage partnering and private sector investment.* Partnering is important for a number of reasons: it promotes regional solutions to problems, as suggested above; it also broadens the benefit of public investment, and encourages private sector participation where resources are limited, for example among the nonprofits. Partnering and private sector involvement will also increase the chances of projects being funded, as both are encouraged in the EDA’s investment guidelines. We are convinced our efforts to promote partnering and private sector investment are succeeding though the figures suggest “slipping” a bit this year. As we mentioned above, we do not think that this indicates a withdrawal, or at least a reassessment of support by the private sector for the CEDS, but reflects instead the types of projects that were drawn into the program this year. That said, efforts will be redoubled to draw more private investment into next year’s solicitation.

5. *Encourage development of employment centers that will be accessible to residents of low-income areas.* This is done in the Rhode Island CEDS by encouraging investment in Enterprise Zones, which by definition are areas of economic distress, *and* the recruitment of Zone residents to employment centers wherever they exist (such as the Quonset Business Park, which is not located in an Enterprise Zone). These workers will bring money back to their households, and by extension, their communities. In the next project solicitation, we will continue the credit in the Priority Project Rating System for making projects accessible to Zone residents through active recruitment and transportation plans to and from worksites.

It is worth noting in the discussion of employment centers that over the past year Statewide Planning has completed an extensive update of the state’s land use policies and plan. The new State Guide Plan element, *Land Use 2025*, places much emphasis on concentrating growth, economic and otherwise, within Rhode Island’s “urban services boundary,” an area largely corresponding to what the CEDS calls “the built environment.”

In collaboration with local planners as the new land use plan was being written, Statewide Planning identified existing and planned centers of commercial activity in Rhode Island communities. These centers were then recommended as targets for future growth, a strategy that would favor areas that already have utility services and other infrastructure and thus discourage sprawl. One such center is the East Providence waterfront, which recently benefited from an EDA grant to construct a road linking the mixed-use area with the Interstate highway system.

While the new land use plan and the CEDS are not directly related, there is ample evidence that the CEDS is already closely aligned with the plan. First, the plan has received strong input from local planners, who account for the bulk

of Rhode Island's CEDS applicants. Second, the Priority Project Rating System encourages applicants to locate projects within the built environment, rehab mill buildings, and clean up brownfields – quite consistent with the intent of the land use plan. Third, the Rating System also gives credit for locating projects in “state designated growth centers,” a concept easily expandable to the more generic “employment centers” under the above goal and the centers identified in the land use plan. And fourth, East Providence's success with the EDA began with a successful CEDS application that managed high scores for directing development to a growth center and an Enterprise Zone – again, quite consistent with the land use plan, and with the above goal.

Rhode Island's CEDS, for the last five project solicitations, has maintained a 100% score on locating projects within the built environment. By continuing to align the CEDS with the principles in the new land use plan, we should be able to burnish this record in future solicitations. There are two approaches that we intend to explore:

- 1) Require all projects submitted for consideration in the CEDS to be located within the urban services boundary (i.e., served by public water, sewer and other utility infrastructure), or within areas designated as centers by the municipalities where future growth is planned but that now may lack the necessary utility services. This would be a new threshold requirement.

- 2) Reward projects that implement a specific policy in *Land Use 2025* with points generously under the Priority Project Rating System. This would be a discretionary criterion that would contribute to a project's overall score in the Rating System and thus favor its selection for the priority list.

6. *Recruit more economic development practitioners for the CEDS Subcommittee to increase the number on the Committee as a whole.* Last year, our goal was to increase this number to ten. New appointments to the Technical Committee and the resignation of an economic development practitioner from the State Planning Council found us short of our goal. One way to address this is by increasing membership on the CEDS Subcommittee, a prospect we will pursue in advance of the next project solicitation.

7. *Maintain communication to strengthen the partnership between the EDA and the CEDS staff.* This communication has improved markedly in the past two years, bolstered by annual visits to Rhode Island by representatives of the EDA's Philadelphia regional office, meetings with potential applicants, frank discussions of ongoing and proposed projects, and CEDS workshops. Last year we noted the importance of being notified when funding decisions are made by the EDA or priorities are redirected, and also of notifying the EDA when new projects surface. This has occurred throughout the year. The CEDS staff has encouraged potential applicants to speak directly with EDA representatives about the eligibility of their proposals and likelihood of funding, and the EDA has directed them accordingly. We are satisfied with the progress of communication in both directions. We remain committed to it, and are confident that the EDA is committed to it as well.

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**Attachment 1:
CEDS COMMITTEE MEMBERSHIP AND REPRESENTATION
(August 2006)**

<u>Member</u>	<u>Interest represented*</u>
STATE PLANNING COUNCIL	
Beverly Najarian (Chair) Department of Administration One Capitol Hill Providence, RI 02908	State government administration Director 1
Clark Greene (Vice Chair) Office of the Governor State House, Room 128 Providence, RI 02903	Governor's policy adviser 1
George W. Johnson (Acting Secretary) Secretary, State Planning Council Department of Administration One Capitol Hill, 4 th Floor Providence, RI 02908	State planning agency 1
Susan Baxter Chair, Housing Resources Commission 44 Washington St. Providence, RI 02903	State housing policy 1
Daniel Beardsley Executive Director RI League of Cities and Towns One State St. Providence, RI 02908	Municipal government advocacy 1,6
Jeanne Boyle City Planner East Providence City Hall 145 Taunton Ave. East Providence, RI 02914	Local planning 1
James Capaldi Director RI Dept. of Transportation 2 Capitol Hill Providence, RI 02903	State transportation agency 1
Stephen Cardi Cardi Corporation 400 Lincoln Ave. Warwick, RI 02888	Construction industry 2

Member**Interest represented***

Thomas Deller
Director
Dept. of Planning and Development
400 Westminster St.
Providence, RI 02903

Local planning
1

Rosemary Booth Gallogly
Budget Office
1 Capitol Hill
Providence, RI 02908

State government finance
1

Lucy Garliauskas
Federal Highway Administration
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Providence, RI 02903

Federal advisory member
1

Anna Prager
57 West Park Ln.
Kingston, RI 02881

Public member
6

Jared Rhodes
Planning Director
Cranston City Hall
869 Park Ave.
Cranston, RI 02910

Local planning
1

Mr. Michael Rauh
Senior Vice President
The Washington Trust Company
23 Broad St
Westerly, RI 02891

Environmental advocate
(Washington Co. Regional
Planning Council)
2,6

William Sequino, Jr.
Town Manager
East Greenwich Town Hall
125 Main St./P.O. Box 111
East Greenwich, RI 02818

Municipal government
1

Mr. John Trevor
Recycling Program Manager
R.I. Resource Recovery Corporation
65 Shun Pike
Johnston, RI 02919

Environmental advocate
1

Janet White-Raymond
Providence Chamber of Commerce
30 Exchange Terr.
Providence, RI 02903

Chamber of commerce
2

Member**Interest represented*****TECHNICAL COMMITTEE**

Kristine Stuart (Chair)
406 Stony Lane
North Kingstown, RI 02852

Environmental community
4

M. Paul Sams (Vice Chair)
111 Audubon Rd.
North Kingstown, RI 02852

Public member
6

Mark Adelman
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Providence, RI 02903

Governor's office
1

Raymond Allen
R.I. Public Utilities Commission
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Public utilities regulation
1

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400 Westminster St.
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Local planning
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R.I. Department of Health
3 Capitol Hill
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State health agency
1

Stephen Devine
RI Dept. of Transportation
2 Capitol Hill
Providence, RI 02903

State transportation agency
1

Diane Feather
Dept. of Planning
East Providence City Hall
145 Taunton Ave.
East Providence, RI 02914

Professional association
(APA)
6

William R. Haase
Town Planner
Westerly Town Hall
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Local planning
1

Janet Keller
RI Dept. of Environmental Management
235 Promenade St.
Providence, RI 02908

State environmental agency
1

Member**Interest represented***

Dennis Langley
Urban League of Rhode Island
246 Prairie Ave.
Providence, RI 02905

Economic empowerment
2,4,5

Patrick Malone
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P.O. Box 1833
Providence, RI 02912

Academia
6

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Providence, RI 02903

State water management
1

Eugenia Marks
Audubon Society of Rhode Island
12 Sanderson Rd.
Smithfield, RI 02917

Environmental community
4

Patricia Reynolds
City of Warwick
3275 Post Rd.
Warwick, RI 02886

Local planning
1

Ralph Rizzo
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380 Westminster St.
Providence, RI 02903

Federal advisory member
1

Ronald Wolanski
Town of Middletown
350 East Main Rd.
Middletown, RI 02842

Local planning
1

CEDS SUBCOMMITTEE

Sheila Brush**
Grow Smart Rhode Island
345 South Main St.
Providence, RI 02903

Community development
2,4

John Cronin**
(Formerly) R.I. Manufacturing Extension Service
35 Tourgee St. (Quonset Business Park)
North Kingstown, RI 02852

Employment /training sector
2,3

Member

Interest represented*

Diane Feather
Dept. of Planning
East Providence City Hall
145 Taunton Ave.
East Providence, RI 02914

Professional association
(APA)
6

Margarita Guedes**
Progreso Latino
626 Broad St.
Central Falls, RI 02863

Community organization
2,4,5

Kristine Stuart
406 Stony Lane
North Kingstown, RI 02852

Environmental community
4

Michael Walker**
R.I. Economic Development Corporation
1 West Exchange St.
Providence, RI 02903

State economic development
2

* Interest represented: 1) Public leadership (state and local government); 2) Economic and business development organizations; 3) Employment and training sector; 4) Community organizations; 5) Women, minorities, aged and disabled; 6) Other.

** Invited member of the CEDS Subcommittee.

**Attachment 2:
STATE OF RHODE ISLAND
CEDS PRIORITY PROJECT LIST – FFY 2007**

<u>Applicant and Project</u>	<u>Cost, \$*</u>
Coventry, Town of/West Warwick, Town of/Central R.I. Development Corp. Anthony-Washington Sewer Line Extension	2,072,020
Pawtucket, City of/City of Central Falls Pawtucket/Central Falls Train Station	1,622,800
Pawtucket, City of/Pawtucket Armory Assn. Arts Exchange at Pawtucket Armory	8,100,000
Providence, City of/Community College of R.I. Capco Steel Extension	4,838,920
Providence Community Health Centers Federated Lithographers Development & Preservation Project	42,000,000
Roger Williams University/R.I. Fishermen's Association/Narr. Bay Foundation Narragansett Bay Workforce Development & Environmental Restoration	1,250,000
Woonsocket, City of Hamlet Avenue Economic Redevelopment District Main Street Small Business/Arts Incubator Space	1,217,000 700,000

* Cost reflects requested federal and non-federal share.

**Attachment 3:
EDA PRIORITY PROGRAM — FFY 2007**

PROPOSED PROJECTS <u>Description/Applicant</u>	STATE ECONOMIC DEV. <u>OBJECTIVES/POLICIES</u>	FUNDING SOURCE <u>Amount/Total (\$)</u>	START/ STOP DATE	AGENCY RESPONSIBLE	JOBS ANTICIPATED*
<i>Anthony-Washington Sewer Line Extension</i> Coventry/W. Warwick/CRIDCO	A 1,2,4,5,6,9 B 1,2,4,5,6,8 C 1,2,5,6,7	EDA 900,000 Local <u>1,172,020</u> Total 2,072,020	Fall 2006/ Spring 2008	Towns of Coventry, West Warwick	283
<i>Pawtucket/Central Falls Train Station</i> Pawtucket/Central Falls	A 4,9 B 4.8	EDA 600,000 FTA 233,120 FHWA 53,504 RIDOT 113,376 Local 300,000 Private <u>322,800</u> 1,622,800	2007/ 2017	City of Pawtucket/ City of Central Falls	169
<i>Arts Exchange at Pawtucket Armory</i> Pawtucket/Pawt. Armory Assn.	A 2,4 B 1,2,4,6,7,8 C 12	EDA 1,000,000 NPS 250,000 EPA 75,000 HUD-EDI 546,320 RIHPHC 100,000 RI Gen. Assembly 56,000 Local 910,000 Private <u>5,162,680</u> Total 8,100,000	Initiated 2003/ 2008	City of Pawtucket Dept. of Planning & Re- dev./Pawtucket Armory Assn.	148
<i>Capco Steel Expansion</i> Providence/CCR	A 1,2 B 16 C 3,5	EDA 1,000,000 Private <u>3,838,920</u> Total 4,838,920	May 2007/ May 2008	City of Providence/ Community College of R.I.	742

PROPOSED PROJECTS <u>Description/Applicant</u>	STATE ECONOMIC DEV. <u>OBJECTIVES/POLICIES</u>	FUNDING SOURCE <u>Amount/Total (\$)</u>	START/ STOP DATE	AGENCY RESPONSIBLE	JOBS ANTICIPATED*
<i>Federated Lithographers Development and Preservation Project</i>	A 1,6,7 B 2,16	EDA 2,000,000 EPA 200,000	Q4 2006/ Q1 2008	Providence Community Health Centers	526
Prov. Community Health Centers		Hist. tax credit (F) 2,800,000 RIEDC 100,000 State Energy Ofc. 100,000 Hist. tax credit (S) 3,900,000 Local 250,000 Private <u>32,650,000</u> Total 42,000,000			
<i>Narragansett Bay Workforce Development and Environmental Restoration</i> Roger Williams U./R.I. Fishermen's Assn./Narragansett Bay Foundation	B 12	EDA 250,000 Private <u>1,000,000</u> Total 1,250,000	Oct. 2006/ Aug. 2007	Roger Williams University	225
<i>Hamlet Ave. Economic Redevelopment District</i> Woonsocket	B 1	EDA 409,000 HUD 198,000 Local <u>610,000</u> Total 1,217,000	Jan. 2007/ Sept. 2008	City of Woonsocket	1,052
Main St. Small Business/Arts Incubator Space Woonsocket	B 1	EDA 340,000 Local <u>360,000</u> Total 700,000	Jan. 2007/ Sept. 2008	City of Woonsocket	108
TOTAL JOBS ANTICIPATED FROM ALL PROJECTS:					3,253

* Includes multiplier effects

Attachment 4: ECONOMIC DEVELOPMENT OBJECTIVES AND POLICIES

Objectives that can help achieve Rhode Island's ambitious development goal are found in the *Economic Development Policies and Plan*, an element of the State Guide Plan that succeeded the *Economic Development Strategy* when approved by the State Planning Council on April 13, 2000. As in the *Strategy*, the objectives of the *Policies and Plan* are meant to be both attainable and measurable. They address broad topics and provide a basis for organizing the policies that follow each objective.

Policies are discrete steps toward accomplishment of an objective, with each policy representing a single action. Each objective is the end or target of a series of such actions. Those objectives and policies are as follows:

- Objective A: Employment

Provide at least 34,200 new employment opportunities for Rhode Island residents, by the year 2020, achieving and maintaining full employment and reducing underemployment.

Policies to achieve Objective A:

1. Improve opportunities for productive employment with highest priority given to those economic development activities that have the potential to upgrade the skill and wage levels of the state's resident labor force. Target public economic development assistance of any type to those applicants that can increase the average wage rate in their industrial sectors.

2. Promote expansion and recruitment of industries that offer career opportunities for both our secondary and post-secondary school graduates.

3. Encourage and expand those social services, both in the public and private sector, that are necessary to facilitate the broadest labor force participation, including training, job placement, child care, health care, and transportation services.

4. Promote and develop the use of mass transit in order to eliminate spatial barriers to employment opportunities. Encourage development in densities high enough to facilitate the economical provision of mass transit.

5. Emphasize diversity of industry toward those sectors that demonstrate a steady employment pattern, avoid seasonal layoffs, and withstand cyclical downturns of the economy.

6. Expand educational and job-training opportunities that have as their primary objective providing the state's labor force with those marketable skills

sought by employers that provide above average wage rates. Provide lifelong training and education opportunities that make the labor force competitive.

7. Eliminate barriers to employment based on race, gender, disability, sexual orientation, or ethnic origin through education and training as well as consistent enforcement of applicable laws.

8. Encourage communities to plan for and accommodate the socioeconomic impacts of industrial and commercial development, such as by providing a variety of housing options to meet the needs of the local labor force.

9. Encourage industry, particularly those that employ urban populations, to locate in urban areas and to take advantage of public and alternative transportation modes where feasible.

- Objective B: Facilities

Work with economic development practitioners to encourage sustainable industrial and commercial development that advances the long-term economic and environmental well-being of the state, and is consistent with the State Land Use Policies and Plan, the Industrial Land Use Plan, and other applicable elements of the State Guide Plan.

Policies to achieve Objective B:

1. Reclaim brownfields by environmental remediation and encourage use of the “built environment.”

2. Conserve and enhance desirable existing industrial areas, office complexes, and concentrations of service activities to maximize the investment and utilization of existing infrastructure. New or expanded public sewer and water services and highways should be provided to industrial and commercial development only where such development is appropriate in terms of the natural constraints imposed by the land, air, and water in the immediate vicinity of such development, and where the area is being developed at an intensity that is consistent with state land use policy, and when such development will not promote wasteful use of resources. When possible, an industry’s needs should be matched with the appropriate site in order to maximize the return on the infrastructure investment.

3. Ensure adequate investment to maintain and improve a balanced, intermodal transportation system that meets the needs of the state’s commerce and labor force. Make the transit system and intermodal connections user-friendly for all members of the riding public. Maintain shipping channels and recognize the economic potential of T. F. Green Airport and other state airports.

4. Encourage higher densities, mixed uses, careful design, transit and pedestrian-friendly land use and development patterns, and location near existing

hubs and corridors to avoid “sprawl.” Maximize the use of alternative modes of transportation, such as bicycling, walking, and mass transit.

5. Relate industrial and commercial development to overall land use by promoting the use of development controls and performance standards that mitigate conflicts with other land uses and activities.

6. Encourage investment by the public and private sectors that will stabilize and improve housing and commerce in deteriorating urban areas.

7. Promote the control of land development along arterial highways in order to preserve their functional integrity, capacity, safety, and appearance.

8. Contribute to the stabilization and redevelopment of central business districts through the provision of supporting services such as transportation access, parking, utilities, and police and fire protection, as well as the adaptive reuse of historic buildings that contribute to the commercial and cultural economic base of these areas. Public subsidy enticements to industries other than traded industries should only be considered where they contribute to the stabilization and redevelopment of such areas. Viable economic reuses should be found for historic buildings that can contribute to the economy.

9. Designate sites in developing communities and in or near smaller urban centers in rural communities for industrial or commercial development as needed to meet state and municipal economic objectives. Select locations with natural characteristics favorable for economic development that have or can be supplied with the public facilities and services necessary to support the type of economic activity planned, and that are readily accessible to a labor force. These locations must also be consistent with the general development patterns set forth in the state land use policies and plan element and with all other applicable elements or provisions of the State Guide Plan. Sites selected, and the economic activities that use these sites, should be compatible with the scale, historic character, and other aspects of the surrounding community.

10. Locate industrial development causing other than domestic waste discharges in areas served either by public sewerage systems or by appropriately permitted and maintained private systems.

11. Support agricultural base to include turf, ornamentals, vineyards, forestry, field crops, dairy and livestock. Seek alternative niche markets to support smaller, more diverse farms. Promote the preservation of prime farmland and provide the technical support to keep agriculture environmentally and economically sustainable.

12. Encourage development of sport and commercial fisheries both inshore and offshore up to levels of maximum sustainable yield by supporting the provision of appropriate infrastructure, research and training facilities, aquaculture,

management activities, and enforcement of water quality standards. Reserve suitable port access areas for commercial fishing vessels.

13. Encourage new industrial development in the coastal zone that places a priority on the maximum efficient and appropriate utilization of existing marine infrastructure, such as the Port of Providence and Quonset Davisville.

14. Encourage areas used for commercial development to be selected and configured to make the most efficient use of scarce shoreline locations.

15. Promote tourism as a major industry, and encourage and support the use of the wide range of facilities that make up the industry's infrastructure.

16. Encourage the reuse of industrial land as industrial land to the maximum extent feasible.

17. Note areas most vulnerable to natural hazards and locate development away from these areas whenever possible. Provide appropriate mitigating measures wherever such hazards exist.

- Objective C: Climate

Maintain a business environment conducive to the birth, sustenance, and growth of suitable industry and commerce.

Policies to achieve Objective C:

1. Promote the implementation of a growth development strategy giving priority to economic development programs directed at the promotion, maintenance, and expansion of existing firms.

2. Encourage and promote locally and regionally initiated economic development efforts as set forth in the economic development elements of local comprehensive plans.

3. Attract and give assistance to those types of industry that best capitalize on Rhode Island's strengths, and are potentially most beneficial to the state's employment, the needs of firms, resources, fiscal soundness, and related development goals.

4. Expand all markets, in state, national, and international, for the state's products and services, through improved communications and promotion.

5. Encourage reservation of prime industrial sites through protective regulation or acquisition, recognizing the importance of factors such as topography and soil characteristics, availability of water and sewer service, access to transportation facilities, proximity to water bodies, and availability of labor.

6. Maintain public infrastructure, both structural (physical) and non-structural (social). Provide additional infrastructure where it is clearly demonstrated as necessary and in a manner that will protect the long-term health of the state's natural and fiscal resources.

7. Recognize Rhode Island's quality of life as an asset that improves the state's "business climate." Protect and enhance the quality of life by promoting sustainable development.

8. Recognize cultural diversity and heritage as major assets to be protected and promoted.

9. Recognize Narragansett Bay as a major economic resource.

10. Encourage initiatives to ensure a competitive and fair tax environment for all Rhode Island residents and businesses.

11. Work with local government officials to study and better understand the relationship between land use and property tax.

12. Recognize education as an essential component of economic development.

13. Encourage and promote initiatives aimed at creating competitive utility rates.

14. Enhance the affordability and reliability of the state's energy supplies by pursuing energy conservation and supporting wider use of indigenous renewable energy resources where environmentally benign and economically feasible.

Attachment 5:
MINUTES OF CEDS COMMITTEE MEETINGS
(Available for examination at the Statewide Planning Program.
Please contact Bruce Vild, (401) 222-6485, for details.)

**Attachment 6:
2006
CEDS PROJECT APPLICATION FORMS**



2006 COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDS) APPLICATION

APPLICANT: _____
TITLE OF PROJECT: _____

Form submitted by: _____ Date: _____
Organization: _____
Street Address: _____
City/Town/Zip: _____
Phone#: _____ Fax#: _____
E-mail Address: _____

2006 CEDS APPLICATION

Applicant: _____
 Title of Project: _____
 Location of Project: _____ Census Tract #: _____
 Contact Person: _____ Phone/E-mail: _____

Brief Description of Project: _____

Project Cost and Funding Sources (see Instructions):

<u>Federal</u>					\$ _____
agency(s)	EDA				
amount(s)					
program#					
application submitted:	Yes__ No__	Yes__ No__	Yes__ No__		
<u>State</u>					\$ _____
department(s)					
amount(s)					
application submitted:	Yes__ No__	Yes__ No__	Yes__ No__		
funds committed:	Yes__ No__	Yes__ No__	Yes__ No__		
<u>Local</u> (city or town)					\$ _____
application submitted			Yes__ No__		
funds committed			Yes__ No__		
source:					
<u>Private</u>					\$ _____
application process initiated			Yes__ No__		
funds committed			Yes__ No__		
source: _____					
TOTAL PROJECT COST					\$ _____

2006 CEDS Project Narrative (see Instructions)

Prepare a *brief* Project Narrative (three pages maximum, please) that describes your project in terms of the following criteria.

Job Development: Describe the project's job potential for stimulating long-range (non-construction) jobs, multiplier effects, and wages at or above the statewide average. What industry and cluster are most likely to be supported by this project?

Workforce Development: Describe opportunities, if any, arising from your project for education and training of likely employees to improve skill levels and sustain career paths.

Partnering and Area of Influence: Indicate all partners in the project, including co-applicants, educational institutions and training agencies providing services such as workforce development. Will the project's impact reach beyond the city or town in which it is located?

Environmental Objectives: Does your project revitalize a former brownfield or satisfy any of the other environmental objectives listed in the *Summary of CEDS Priority System for Ranking Projects* under "Environmental Factors"? If yes, explain.

Planning Objectives: Relate your project to economic development and other planning being done at the state and local levels. In your discussion cite the specific goal, objective and/or policy of the State Guide Plan's *Economic Development Policies and Plan* that is implemented by your project. Also indicate any goal, objective and/or policy of the local Comprehensive Plan that is implemented by your project.

Investment Objectives: Explain how your project will use federal assistance to encourage and enhance non-federal investment in the city, town or region, particularly private sector investment, if applicable.

Targeting Distressed Communities: Is the project located in an Enterprise Zone and/or a low per-capita income community? Will the project directly benefit residents of Enterprise Zones and low per-capita income communities?

Project Status: What are the anticipated start and end dates of your project? Indicate whether all studies required for project implementation have been completed, and whether all state and federal permits (if necessary) have been granted. Have you contacted EDA about your project, and if so, what was the outcome of that discussion?

RISPP-06

INSTRUCTIONS FOR COMPLETING YOUR 2006 CEDS APPLICATION FORM

General:

All applicants are required to use the Statewide Planning Program's application forms in this package, or which may be downloaded from Statewide Planning's website, **www.planning.ri.gov**. No in-house facsimiles will be accepted. Applications must be received by mail or hand delivery no later than 4:00 p.m. on Friday, May 5, 2006. Faxes will not be accepted. A ten-point penalty will be assessed projects that are received after deadline unless the project is specifically exempted from the penalty by the CEDS Committee.

Applications should be sent to the attention of or delivered to Bruce Vild, Supervising Planner, Statewide Planning Program, William E. Powers (Dept. of Administration) Building, One Capitol Hill, Providence, RI 02908.

You will note that this year's CEDS Application is in a narrative format. You are required to provide information about your project as you have in previous years, and, also as in previous years, your project will be assigned a numerical score based on criteria described in the *Summary of CEDS Priority System for Ranking Projects* included in your application package. However, your score will be determined from your narrative's descriptions rather than from filled-in blanks on a questionnaire. Those projects that attain or exceed this year's median score will be candidates for the Priority Project List and will be forwarded to the CEDS Committee. Final selection among the candidates for the Priority List will be determined after the CEDS Committee's review. Attainment of the median score will not guarantee a place on the Priority List as in previous years.

The narrative format is intended to allow you to provide a level of detail and explanation that was not possible in the old-style application. Many of you recognized this problem in previous project solicitations and appended project narratives to the applications. The new format will now allow you to write one narrative to cover the questions we ask and add any additional information in support of your project. We ask that you limit your narrative to three pages in length. An "Application Worksheet" is included in the application package that may help you to organize your narrative.

All projects submitted for consideration must meet the following minimum (threshold) criteria: 1) provide a non-federal match no less than fifty percent (50%) of total project cost; 2) are located in a municipality with a state-approved Comprehensive Plan or an update pending state approval; 3) are generally consistent with all elements of the State Guide Plan; 4) implement at least one objective and policy of the primary economic development element of the State Guide Plan, the *Economic Development Policies and Plan*; and 5) anticipate generating at least 50 direct jobs (see "Job Development" section below). *Applications that do not meet all these criteria will be returned to the applicants.*

Please submit three copies in total of your application to facilitate our review.

Number of Projects Allotted:

To ensure the highest quality projects are included in the CEDS, the State Planning Council has adopted a formula based on the 2000 Census of Population to allot a maximum number of projects that can be submitted by each community.

The following formula applies:

<u>Population</u>	<u>Allotted Projects</u>
<10,000	1
10,000-20,000	2
20,001-40,000	3
40,001-100,000	4
100,001-160,000	5
>160,000	6

State agencies and quasi-public corporations will be allotted a maximum of four (4) projects each. Regional agencies will be allotted projects based on the communities they represent and the number of projects allotted each of those communities in total, for a maximum of four (4) projects. Educational institutions and private non-profit development organizations shall be allotted one (1) project.

Please do not submit more projects than your community or agency is permitted. (See the enclosed Project Allotment by City & Town sheet.) Municipalities with Enterprise Zones may submit one more project than the number otherwise allotted if that project is located in an Enterprise Zone.

Applicant:

Eligibility is limited to municipalities, regional agencies, colleges and universities, state agencies, quasi-public corporations, and private non-profit development organizations. If the project is the product of a partnership between two or more eligible applicants, be sure to name all partners here.

Location of Project/Census Tract #:

Give the city or town along with the U.S. Census tract in which the project is located. Providing this information will confirm Enterprise Zone status, if applicable, and per capita income level (see “Enterprise Zone” and “Income,” below).

Brief Description of Project:

Provide your description in 25 words or less. Do not answer “See attached.”

Project Costs and Funding Sources:

List *all* sources of funding and amounts, including any required matching funds, whether already committed or pending. This form is designed to show multiple sources of funding for each project wherever it is anticipated and to indicate the level of committed federal and non-federal funds. (See the enclosed sample submission form, where an imaginary municipality has requested federal funding from EDA and FHWA, state funding from RIEDC and RIDOT, etc. Your own funding sources, of course, may differ.) Community Development Block Grant (CDBG) funds may be counted as part of the non-federal portion. *The non-federal portion must equal at least 50 percent of the total project cost or the application will be returned and not reviewed.*

Federal Program #: This is the specific federal program to which the community is applying. The programs and numbers are listed in the *Catalog of Federal Domestic Assistance*. Please note that a box is already marked for EDA funding.

Job Development:

In your narrative, discuss the long-range jobs anticipated from the project: the total of jobs generated directly (i.e., at the project site, not counting jobs during construction) plus those expected by multiplier effects (“indirect” and “induced” jobs). Use the table of multipliers included with this package, choosing the industry group the project most likely will affect. Specifically, use the “Direct-Effect Multipliers” for “Employment (number of jobs).” These multipliers are found in the last column on the right in the table.

No projects will be accepted for review that are not expected to generate at least 50 direct jobs. Projects exceeding that threshold will get points under this criterion if the amount of EDA funds requested is equal to or less than \$10,000 per job, based on the total number of jobs stimulated – direct, indirect and induced).

Example: The project is a new train station. It is estimated that 52 jobs in the transportation sector will result. *This project would meet the threshold requirement of 50 direct jobs.* The direct effect multiplier in employment (number of jobs) for transportation is 1.7528. Total long range jobs stimulated = $52 \times 1.7528 = 90$ jobs. The applicants are requesting \$500,000 from EDA for construction. The EDA investment would be $\$500,000 \div 90 \text{ jobs} = \$5,556$ per job. *This project also would be eligible for the credit connected to EDA investment as the investment is less than \$10,000 per job.*

Example: The project is a small shopping plaza in a city neighborhood. It is expected that 37 direct jobs will result. The direct effect multiplier in employment for retail trade is 1.4900. Total long range jobs stimulated = $37 \times 1.4900 = 55$ jobs. *However, this project would not meet the threshold requirement of 50 direct jobs. It would not qualify for the Priority Project List because it would not be accepted for review.*

Be sure to cite any studies or other documentation from which your job numbers are derived. If your estimates are not supported in the narrative by such documentation, we will deduct five (5) points from your score.

Under the Jobs Development criterion, we emphasize the quality of the jobs stimulated (i.e., how well they pay) as well as the quantity (number of jobs). Our yardstick will be the Rhode Island average private-sector annual wage, \$35,959 (2004

data), with points being awarded according to how well the direct jobs likely to result from the project will pay relative to that average. Consult the enclosed table from the R.I. Department of Labor and Training, *Rhode Island Covered Employment and Wages 2004 – Statewide Employment by NAICS*, for average wages in the major industrial groups. Identify the industry or industries most likely to benefit from the project, and determine the average wage based on this table.

Example: The project is the aforementioned train station. Jobs to be generated long-term will most likely be in the “Rail Transportation” group, NAICS Code 482. The average wage for that group from the RIDLT table is not given, most likely due to confidentiality issues (one employer). In such cases, use the more general category under which the jobs are likely to be grouped. Here it would be “Transportation & Warehousing,” which gives an average annual wage of \$31,571 (about 88% of the Rhode Island average private-sector wage).

Example: The project is a financial services complex to be located in a renovated mill building. Jobs to be generated long-term will be concentrated in the “Securities, Commodity Contracts, Investments” group, NAICS Code 523. The average annual wage for that group from the RIDLT table is \$81,356 (about 226% of the Rhode Island average private-sector wage).

Example: The project is an airport expansion that would accommodate an air charter service and a maintenance and repair facility. Jobs will be generated in the “Air Transportation” group, NAICS Code 481, and the “Support Activities for Transportation” group, NAICS Code 488. The charter service is expected to account for 22 jobs, the repair facility for 30. To determine the average wage for the project, both groups’ average wages and the number of jobs for which they are responsible must be considered:

22 @ \$37,134 = \$816,948

30 @ \$35,529 = \$1,065,870

Total wages equal \$1,882,818; total jobs equal 52; average wage for project = $\$1,882,818 \div 52 = \$36,208$ (about 101% of the Rhode Island average private-sector wage).

Industries are further aggregated into clusters. The R.I. Economic Development Corporation (RIEDC) recognizes the following clusters in Rhode Island:

- Health and life sciences
- Financial services
- Manufacturing and industrial products
- Hospitality
- Consumer goods
- Education
- Creative, advertising and media
- Communications and information technology
- Marine/environmental
- Defense/homeland security

As the building of industry clusters is a priority of both the State and EDA, you should identify any of the above clusters supported by your project. For more information on clusters and how companies are included within them, go to the RIEDC website, www.riedc.com/riedc/industry_clusters.

Workforce Development:

Both the State of Rhode Island and EDA have recognized the importance of education and training in improving and honing workers’ skills. This keeps Rhode Island industries competitive nationally and globally, and provides the opportunity for workers to grow professionally and follow career paths that lead to higher wages. If your project includes an education and training element for likely employees, describe it here. Be sure to mention any of the following connections or partnerships:

- Connected (or partnered) with a provider of recruitment and pre-employment training services, including Workplace Literacy providers (such as CCRI, Genesis Center, Institute for Labor Studies, Adult Learning Centers)
- Connected (or partnered) with an industry consulting organization such as the R.I. Manufacturing Extension Service (RIMES)
- Connected (or partnered) with a grant-making organization that will match investment in training employees (such as the Human Resources Investment Council)
- Connected (or partnered) with educational institutions, from local school systems to higher education

Partnering and Area of Influence:

Include only those partners who are eligible applicants (see above, under “Applicant”). Partnerships with regional organizations, e.g., the Central RI Development Corporation (CRIDCO), are automatically considered to be of “regional,” as

opposed to strictly local, significance. The same applies for partnerships between and among neighboring municipalities. Otherwise, if you claim your project will be of regional or statewide significance, you must demonstrate in the narrative how that is so.

Environmental Objectives:

Be sure to mention if your project:

- Results in the rehabilitation of brownfield sites, non-residential reuse of state-certified mill buildings, and/or is located in a state-designated growth center
- Uses a technology or practice that reduces existing consumption of natural resources, air or water pollution, and/or waste streams in the production of a good or service
- Contributes to meeting a specific environmental objective listed in an element of the State Guide Plan
- Is located in a national or state historic district or on a property individually listed on the national or state historic register
- Results in use and/or revitalization of the existing (“built”) environment or existing infrastructure other than brownfields, certified mill buildings, properties in a national or state historic district, or properties individually listed on the national or state historic register

Brownfields are defined as industrial and commercial properties where expansion, redevelopment or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant. *State-certified mill buildings* are structures certified under the terms of the Rhode Island Mill Building and Economic Revitalization Act. A listing of these mill buildings can be found on the RIEDC website at www.riedc.com/riedc/business_services/11/186.

If credit is claimed under the brownfields, mill buildings, or historic properties category, it cannot also be claimed under the “built environment” category. If credit is sought for fulfilling an environmental objective in an element of the State Guide Plan, the specific element and objective or policy must be cited. For more information, consult the *Summary of CEDS Priority System for Ranking Projects* included with this application package. For a copy of the *State Guide Plan Overview*, please go to the Statewide Planning Program website, www.planning.ri.gov.

Planning Objectives:

Use this portion of your narrative to show how your project implements economic development planning locally and statewide. You are required to cite the specific objective and policy related to your project in the *Economic Development Policies and Plan* element of the State Guide Plan; those objectives and policies are included with this application package. This is one of the threshold requirements for any project submitted. You should also indicate any goal, objective or policy from your local Comprehensive Plan that is implemented by your project to demonstrate its consistency with the Comprehensive Plan.

Investment Objectives:

The EDA has always been interested in how well its grants are leveraging local investment, particularly private-sector investment. Matching funds indicated on the *2006 CEDS Application* cover sheet must be equal to or greater than the amount of money being requested of EDA. This is also a threshold requirement. Whether your match comes from the state, from a local entity, from private-sector sources or some combination of the three, explain the non-federal share in terms of the local or regional investment it will stimulate.

Targeting Distressed Communities:

Two indicators of “distress” in a community are the presence of an Enterprise Zone and a low per capita income (PCI). A table is included with Enterprise Zones and PCIs indicated for each of Rhode Island’s Census tracts. Points will be given for locating a project in an Enterprise Zone and in a Census tract with a PCI equal to or less than 80% of the national average. The national average PCI is \$22,199 (2000 Census).

We will also give points to those projects that recruit Enterprise Zone residents. To qualify for the recruitment credit, the project does not have to be located in an Enterprise Zone; however, if it is, it will be awarded additional points.

Credit under this criterion will be supplemented if the project description includes a transportation plan for moving Enterprise Zone residents to the worksite and back home. This is especially important when it involves a “reverse commute” that is not served conveniently by regular transit. Meeting this need with dedicated van pools, RIPTA Riptiks, or other means could

make jobs at the site available to Zone residents who, lacking other options for transportation, might not be able to fill them. It can also help solve chronic traffic congestion problems, for example in urban or downtown areas.

You must demonstrate that recruitment and transportation plans will be an active part of the project, and are not merely “being considered,” in order to get credit for them.

Project Status:

First, indicate the proposed start and end dates for your project. Then, briefly discuss whether you have obtained all the necessary state and federal permits, and completed all the essential studies. If you have not, indicate their present status: applied or not applied for, or initiated but not completed or not yet initiated. Indicate any contacts you have made with EDA concerning your project, and whether EDA has invited you to submit a concept paper, pre-application, or application. This is required of all applicants who are re-submitting a project proposal from a previous year.

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APPLICANT: _____
PROJECT TITLE: _____

Use this Worksheet to calculate multiplier effects for job development, EDA investment per job, and per capita income relative to the U.S. average, and otherwise organize your information for inclusion in your project narrative. ***Be sure to include this information in the narrative, or you won't get credit for it!***

Job Development:

Source(s) of jobs number estimate (cite studies, etc.): _____

Industry Group(s) served by project (from table
of RIMS multipliers): _____

Number of long range jobs to be generated directly: _____

Multiplier for Industry Group listed above: _____

Total long-range jobs (direct jobs x multiplier): _____

Average annual wage for corresponding NAICS
Industry Group (from Covered Employment and
Wages table): _____

Average annual wage, total private only: \$35,959

Percent average annual wage, total private only,
of corresponding NAICS Industry Group: _____

Calculation of EDA Investment:

_____ ÷ _____ = _____
EDA funding requested # total long-range jobs from above EDA investment/job

Clusters:

Is your project expected to support any of the following industry clusters?

- _____ Health and life sciences
- _____ Financial services
- _____ Manufacturing and industrial products
- _____ Hospitality
- _____ Consumer goods
- _____ Education
- _____ Creative, advertising and media
- _____ Communications and information technology
- _____ Marine/environmental
- _____ Defense/homeland security

Targeting Distressed Communities:

Per capita income in Census tract where project is located (2000 Census): \$ _____
U.S. average per capita income (2000 Census): \$22,199
Percent U.S. average PCI in Census tract where project is located: _____

Is the Census tract located in an Enterprise Zone? _____

Project Planning Status:

Agency(ies) responsible for project: _____
Anticipated project start date: _____
Anticipated project completion date: _____

All studies required for project implementation, whether completed or initiated. If initiated, give anticipated study completion date:

Required study:	Completed?	Initiated?	Anticipated completion date:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

All state and federal permits required for project implementation, whether obtained or being reviewed. If being reviewed, give anticipated completion date:

Required permit:	Obtained?	Under review?	Anticipated completion date:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

2006 CEDS APPLICATION
SAMPLE

Applicant: Starcity and R.I. Airport Corporation
 Title of Project: Renovation/expansion of Starcity Regional Airport
 Location of Project: 45 Skyway Rd., Starcity Census Tract #: 601
 Contact Person: Joan Davis Phone/E-mail: 123-4567/jdavis@aol.com
Brief Description of Project: Renovate and expand the existing general aviation airport to accommodate increased demand for air taxi and air charter services between Starcity and nearby destinations and for aircraft maintenance/repair facilities.

Project Cost and Funding Sources (see Instructions):

<u>Federal</u>		<u>\$3,500,000</u>
agency(s)	EDA	FAA
amount(s)	\$500,000	\$3,000,000
program#	#11.300	#11.304
application submitted:	Yes <u>X</u> No	Yes <u>X</u> No
		Yes No
<u>State</u>		<u>\$8,800,000</u>
department(s)	RIAC	RIDOT
amount(s)	\$7,500,000	\$1,300,000
application submitted:	Yes <u>X</u> No	Yes <u>X</u> No
		Yes No
funds committed:	Yes <u>X</u> No	Yes No <u>X</u>
		Yes No
<u>Local</u> (city or town)		<u>\$ 500,000</u>
application submitted		Yes <u>X</u> No
funds committed		Yes <u>X</u> No
source:		
<u>Private</u>		<u>\$ 590,000</u>
application submitted		Yes <u>X</u> No
funds committed		Yes <u>X</u> No
source: <u>Two-year upfront lease payments</u>		
TOTAL PROJECT COST		<u>\$13,390,000</u>

SAMPLE

RENOVATION AND EXPANSION OF STARCITY REGIONAL AIRPORT Starcity, RI

The City of Starcity, in partnership with the R.I. Airport Corporation, proposes to renovate and expand the Starcity Regional Airport on Skyway Road in Starcity to allow development of an air taxi/air charter service flying to destinations in the Northeastern U.S. and the Maritime Provinces of Canada. The expansion will also accommodate the increase need for maintenance and repair services for general aviation aircraft.

A study the City commissioned last year by Diaz and Associates, *General Aviation Opportunity in Starcity*, anticipated 52 jobs will be generated directly from this project, with economic spinoffs resulting in 90 jobs in the area owing to the transportation multiplier of 1.7528. The average wage in the air transportation sector in Rhode Island in 2004 was \$37,134 annually; in the sector providing support activities for transportation, such as the maintenance and repair of aircraft, the wage was \$35,529. It was estimated that improvement of the facilities at Starcity Regional Airport, which will be leased to private companies providing the services, will lead to 22 jobs directly related to the charter service and 30 jobs in maintenance and repair. This yields an overall average wage for the project, once completed, of \$36,208.

Of the clusters recently named and targeted by the R.I. Economic Development Corporation (EDC), the two most directly affected by this project will be hospitality (for tourists using the air charter service) and health and life sciences (as the charter services can also be used to transport patients, medical personnel and medical or research supplies). Starcity Hospital is within ten miles of the Starcity Regional Airport. The maintenance and repair facility will also work on helicopters, with mechanics and crew able to be dispatched to the helipad atop Starcity Hospital if necessary.

Both the air taxi/air charter business and the maintenance and repair facility will be run by Amalgamated Aircraft Services, which has committed to a two-year upfront lease payment in support of this project, and to a training and certification program for aircraft mechanics employed at Starcity Regional Airport. Training and certification classes will be conducted at the Southern New England Aeronautics Institute, which has provided training and certification for AAS mechanics in airports throughout the Northeast. In addition, AAS will offer scholarships to the Community College of Rhode Island to qualified candidates among their employees at Starcity Regional Airport who wish to advance to management.

The City and RIAC believe the impact of this project reaches well beyond Starcity, because of the anticipated involvement of the Economic Development Administration, the Federal Aeronautics Administration and CCRI, but also because Amalgamated Aircraft Services will be participating in job fairs throughout the state in its search for individuals looking to embark on a career in air transportation. Amalgamated is expanding its operations...

**2006 CEDS PROJECT REVIEW AND
ENVIRONMENTAL SITE CHECKLIST**
(All Questions Must Be Answered)

Municipality/Agency: _____

Project Description: _____

Site Description:

Specific Location (Attach map of appropriate scale):

Size (In acres): _____

Zoning Classification: _____

Current Land Use: _____

1. **Groundwater** classification at site: _____

2. Is site located in a **Water Supply Watershed**?

___ Yes: Name of Watershed _____ ___ No

3. Does site support federal or state **Rare or Endangered Species**?

___ Yes: Species _____ ___ No

4. Is site located in the **Coastal Zone**?

___ Yes: RICRMC designation _____ ___ No

5. Is the site located in a **Flood Hazard Zone**?

___ Yes: ___ V Zone ___ A Zone ___ No

6. What are the predominant Soils at the site?

7. Does the site contain and/or abut **Wetlands**?

___ Yes ___ No

Has a wetlands determination been requested from either RIDEM and/or RICRMC?

___ Yes: Agency: _____ ___ No

Application number: _____

8. Narrative description of **potential impacts** (e.g. on water quality, water use, noise, air quality, transportation, etc.): _____

9. Are state or federal **environmental permits required**? ☐ Yes ☐ No

Permit:_____ Date of Application:_____ Status:_____

Permit:_____ Date of Application:_____ Status:_____

Permit:_____ Date of Application:_____ Status:_____

Permit:_____ Date of Application:_____ Status:_____

Permit:_____ Date of Application:_____ Status:_____

If yes, and the permit has not yet been obtained, has a **preapplication meeting** been held with permitting agencies?

☐ Yes: Agency(s)_____

_____ ☐ No

10. Was this project on last year's CEDS Priority List? ☐ Yes ☐ No

Have you **initiated contact with EDA**? ☐ Yes ☐ No

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INSTRUCTIONS FOR PROJECT REVIEW & ENVIRONMENTAL SITE CHECKLIST

1. **Groundwater Classification:** May be obtained from RIDEM Division of Groundwater & ISDS mapping or from the local Community Comprehensive Plan.
2. **Water Supply Watershed:** May be obtained from RIDEM Division of Water Supply Management maps or Community Comprehensive Plan.
3. **Rare or Endangered Species:** May be obtained from RIDEM Natural Heritage Program.
4. **Coastal Zone:** May be obtained from the RI Coastal Resources Management Council.
5. **Flood Hazard Area:** May be obtained from the local building official or the RI Emergency Management Agency.
6. **Soils:** May be obtained by consulting the *Soil Survey of Rhode Island* published by the US Soil Conservation Service.
7. **Wetlands:** May be obtained from National Wetland Inventory maps and community Comprehensive Plans. However, applicants should be aware that the only way to make a legal determination of the presence and extent of wetlands is to apply to the appropriate regulatory authority for a determination.
8. **Potential impacts:** Self-explanatory.
9. **Environmental permits:** Should include only state and federal permits, if necessary.
10. **EDA contact:** Self-explanatory.

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Attachment 7:
SCORING FORMULA FOR CEDS PROJECT APPLICATION FORMS

Summary of CEDS Priority System for Ranking Projects

A. Total System - Maximum Points 200. (Each Project Ranking Criterion is explained in detail beginning on page 3 with specific examples given to guide applicants.)

<u>1. Job Development</u>	<u>Points:</u>	35 maximum
a. EDA funds requested per job stimulated (including multiplier effects):		
1) \$1-\$2,500		10
2) \$2,501-\$5,000		8
3) \$5,001-\$7,500		6
4) \$7,501-\$10,000		4
5) \$10,001 or more		0
b. Typical wages of <i>direct</i> jobs supported by the project equal:		
1) 100% state average private-sector wage or more		15
2) 85-99% state average private-sector wage		10
3) 70-84% state average private-sector wage		5
4) Less than 70% state average private-sector wage		0
c. Project provides jobs in one or more clusters		10
If estimate of job stimulation is not backed up by a study or other documentation		<i>Deduct 5</i>
<u>2. Workforce Development</u>	<u>Points:</u>	10 maximum
a. Project includes education and training of likely employees		5
b. Applicant or industry served has connected or partnered with a provider of education or training services for likely employees, or documents an in-house program in the industry served providing education and training to employees		5
<u>3. Partnering with Other Eligible Applicants</u>	<u>Points:</u>	15 maximum
Project is a partnership between two or more eligible applicants		15
<u>4. Area of Influence</u>	<u>Points:</u>	5 maximum
a. Statewide or regional		5
b. Local only		0

<u>5. Environmental Factors</u>		<u>Points:</u>	35 maximum
a.	Project results in rehabilitation of brownfield sites, reuse of certified mill buildings, and/or is located in a state designated growth center		15
b.	Project uses a technology or practice that reduces existing consumption of natural resources, air or water pollution, and/or waste streams in the production of a good or service		10
c.	Project contributes to meeting a specific environmental objective listed in an element of the State Guide Plan		5
d.	Project is located in a national or state historic district or on a property individually listed on the national or state historic register		5
e.	Project results in use and/or revitalization of existing built environment or existing infrastructure other than brownfields, certified mill buildings, properties in a national or state historic district, or properties individually listed on the national or state historic register		5
<u>6. Commitment of Non-Federal Funds</u>		<u>Points:</u> 25	maximum
a.	Non-federal funds committed or appropriated		10
b.	Non-federal funds committed from private investment		10
c.	Non-federal funds committed <i>exceed</i> fifty percent of project costs		5
d.	Non-federal funds not yet committed		0
<u>7. Enterprise Zone</u>		<u>Points:</u>	35 maximum
a.	Project is in a state-designated Enterprise Zone		15
b.	Applicant presents a plan to recruit Enterprise Zone residents for jobs resulting from the project		10
c.	Applicant presents a transportation plan to get Enterprise Zone residents to the project worksite		10
<u>8. Per Capita Income</u>		<u>Points:</u>	10 maximum
a.	Less than 50% the national average		10
b.	51-60% the national average		8
c.	61%-70% the national average		6
d.	71%-80% the national average		4
e.	81% the national average or more		0

<u>9. Essential Project Studies, Permits, and EDA Contact</u>		<u>Points:</u>	30 maximum
a.	All permits obtained, or confirmation obtained from regulatory agencies that no permits are required		15
b.	Essential project studies completed		10
c.	Applicant has applied for but not yet obtained all necessary permits		5
d.	Applicant has initiated essential project studies		5
e.	Applicant has contacted EDA and been invited to submit a concept paper or apply for a grant		5
f.	Applicant has not contacted EDA (new projects only), or was not invited to submit a concept paper or apply for a grant (re-submitted projects only)		0
g.	Applicant has not applied for permits		0
h.	Applicant has not initiated essential project studies		0
If project will not be initiated within two years			<i>Deduct 5</i>

B. Explanation of Project Ranking Criteria

1. Job Development

The eventual number of jobs resulting from the implementation of a proposal is a prime consideration in priority selection. The figures are used to determine a cost per job. The applicant should base the cost per job *only* on the Economic Development Administration's share. *Do not base this on total project cost*, which would include the applicant's share and other non-federal contributions.

The jobs must be "long range" jobs, i.e., those that are expected once a facility or project begins operation; do *not* count construction jobs, which are only of a temporary nature.

In determining the number of jobs stimulated, direct, indirect, and induced employment should be considered. This is calculated by using the direct-effect employment multipliers listed in the table included in the application package, "Regional Multipliers." These are found in the *far right column* of the table. The industry providing direct jobs as a result of the project would be located in the left column, and the number of direct jobs anticipated is multiplied by the employment multiplier to get total employment – direct, indirect, and induced.

See the examples given in your *Instructions for Completing Your 2006 CEDS Application Form*.

There are other methods of calculating total jobs based on multipliers, such as by accounting for square feet occupied per worker in the industry being considered. However, to ensure that all applicants are using the same frame of reference, only multiplier effects calculated from the enclosed table will be accepted.

This year we will take into account quantity (the number of jobs), quality (how well the direct jobs pay) and if the jobs are part of one of our clusters defined below. The second part of the Job Development criterion takes into account the average wages in the industry directly supported by the project and how well they compare to the state *average private-sector* wage. Projects leading to direct jobs in a high-wage industry will be awarded the most points.

The state average annual private-sector wage is \$35,959. Please consult the table from the R.I. Department of Labor and Training, *Rhode Island Covered Employment and Wages 2004 – Statewide Employment by NAICS*, included with your application package, for average wage rates in the major industrial groups if the wage rates for your project have not yet been determined.

Estimates of job stimulation that are not documented in a study will be penalized by a deduction of five (5) points under this criterion. Projects not expected to be initiated within two years will also incur a five-point penalty.

We award additional points under this criterion to projects providing jobs in one or more recognized industry clusters. Each cluster represents a collaboration of firms and disciplines. These clusters, as identified by the R.I. Economic Development Corporation, are: health and life sciences, financial services, manufacturing and industrial products, hospitality, consumer goods, education, creative/advertising and media, communications and information technology, marine/environmental, and defense/homeland security.

2. Workforce Development

To underscore the importance of worker education and training in today's world – to assure that our industries remain competitive nationally and globally, and to provide workers with the opportunity to grow professionally and follow career paths leading to higher wages – this criterion will reward projects that include an education and training component for likely employees. Additional credit will be given where the commitment to education and training can be clearly demonstrated by an active program, whether through a provider of such services or in-house through the industry served.

3. Partnering with Other Eligible Applicants

This criterion awards points for partnering between or among eligible applicants, such as two or more municipalities, a municipality and a state agency, or a municipality and an academic institution. Partners must jointly submit a single CEDS application and list themselves as co-applicants. Each co-applicant will be “charged” one project against his or her project allocation.

4. Area of Influence

This criterion is weighted to favor project proposals having the broadest geographic significance for economic development, particularly (though not exclusively) job growth. This is designed to encourage regional and even statewide partnering among eligible applicants. Definitions of statewide vs. regional significance follow.

Definitions:

Statewide - having potential for a more geographically universal effect throughout the entire state and not predominantly affecting only one or a few contiguous municipalities.

Regional - involving more than one municipality and perhaps several contiguous municipalities, but not the entire state.

Regional projects can be co-sponsored by more than one applicant (e.g., municipalities, academic institutions or non-profit development corporations), or by a single applicant provided the project description demonstrates a *substantive* benefit to more than one municipality.

“Region” for the purposes of the CEDS is defined as an area *within the State of Rhode Island*, for example the Blackstone Valley, East Bay or South County, as opposed to “the New England region” or the “Northeast (U.S.) region.”

5. Environmental Factors

The rating method for this criterion rewards applicants whose projects make use of innovative technologies or management practices that use raw materials more efficiently, and that can reduce the consumption of energy, water, and other natural resources as well as air and water pollution. Examples may include (but are not limited to) alternative energy use; “closed loop” industrial parks; providing incentives to workers to use public transit to reduce air pollution; and the recycling of wastewater in the production process. Also under this criterion are those projects that are located in state designated growth centers, rehabilitate brownfield sites, or lead to the *non-residential* reuse of certified mill buildings and historic properties, whether individually listed on the national or state historic register or within national or historic districts.

Points are also awarded for revitalizing other existing industrial or commercial space and its associated infrastructure, and for addressing the environmental objectives of the State Guide Plan.

If credit is claimed under the brownfields, mill buildings or historic properties category, it cannot also be claimed under the “built environment” category. The “built environment” category is intended to reward projects that follow the same principle of preserving, reusing, and better utilizing existing buildings for industrial or commercial purposes instead of developing greenfield sites, though they may not be part of the brownfield or mill building reclamation programs or sited within an historic district.

If credit is sought for fulfilling an environmental objective in an element of the State Guide Plan, the specific element and objective/policy within the plan must be cited. Refer to the *State Guide Plan Overview* for a synopsis of the various elements of the State Guide Plan. The *Overview* is available for viewing or downloading at the Statewide Planning Program website, www.planning.ri.us.

6. Commitment of Non-Federal Funds

This criterion measures the financial commitment to the project, and is an indicator of the applicant's ability to initiate the project in a timely manner and the ability of the project to leverage additional investment. It will also award additional points to applicants able to commit an amount of non-federal funds *greater* than the required minimum for EDA grants, i.e., greater than fifty percent (50%) of total project costs. *All applications must indicate at least a 50% non-federal match even if those funds have not yet been firmly committed. Those that do not will be returned to the applicant.*

7. Enterprise Zones

In keeping with both federal and state policy to direct resources to areas designated as Enterprise Zones, this criterion gives points to those projects specifically located within an officially designated Rhode Island Enterprise Zone.

This criterion will also give credit for actively recruiting residents of Enterprise Zones regardless of where the project is located. Additional credit will be given applicants with a specific transportation plan for Enterprise Zone or Enterprise Community residents to enable them to commute easily to project sites.

8. Per Capita Income

Per capita income is a criterion the EDA uses for screening applications. For the CEDS, a range of five (5) per capita income levels is considered. These are based on the per capita income of the U.S. Census tract in which the project is located. Projects located in areas where the per capita income is 80% of the national average or less will gain points under this criterion. For this year's projects, be sure to use *2000 Census data* for your tract. The national average is \$22,199, and we will use this figure as the baseline when computing your score.

9. Essential Project Studies, Permits and EDA Contact

This criterion rewards applicants who have obtained the necessary environmental permits to initiate the project, or who have confirmed from the relevant regulatory agencies that no permits are necessary for the project. In addition, this criterion awards points to those projects with applications supported by essential studies, which are taken to mean planning, engineering, or any other studies prerequisite to implementation, excluding environmental assessments. Those projects progressing reasonably toward completion of these studies and obtaining of permits are also awarded points in this category.

Under an expansion of this criterion, we are also rewarding applicants who have initiated contact with representatives of the Economic Development Administration (EDA) and have

interested them sufficiently to be invited to submit a “concept paper” (outline of the project), a pre-application or an application. Applicants will have to make such contact eventually, of course, because it is EDA (not Statewide Planning) that awards the grants. Awarding an additional five (5) points under this criterion is intended to help expedite this process and to improve the scores of projects with a high likelihood (though not necessarily a guarantee) of funding by EDA, aiding their selection for the Priority Project List.

Applicants who are resubmitting projects from last year that were placed on the previous Priority Project List must indicate that follow-up contact has been made with EDA (even if EDA eventually rejected their proposals) *or we will not consider the projects again*. This requirement is intended to encourage applicants to follow the process to the end, whether successful or not. Higher quality projects, developed with the input of EDA staffers, should result.

This system recognizes that any project having a negative environmental effect that cannot be reasonably mitigated will probably be eliminated from consideration under the State Guide Plan conformance threshold review, which is part of the CEDS process. Nevertheless, this threshold review does not constitute the in-depth regulatory review required for the granting of environmental permits.

Projects not expected to be initiated within two years will incur a five-point penalty.

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